

Financial Services and General Government (FSGG): FY2014 Appropriations

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Summary

The Financial Services and General Government (FSGG) appropriations bill provides funding for the Department of the Treasury, the Executive Office of the President (EOP), the judiciary, the District of Columbia, and more than two dozen independent agencies. Among those independent agencies are the General Services Administration (GSA), the Office of Personnel Management (OPM), the Small Business Administration (SBA), the Securities and Exchange Commission (SEC), and the United States Postal Service (USPS). The Commodity Futures Trading Commission (CFTC) is funded in the House through the Agriculture appropriations bill and in the Senate through the FSGG bill. CFTC funding is included in all FSGG funding tables in this report.

On April 10, 2013, President Obama submitted his FY2014 budget request. The request included a total of \$45.4 billion for agencies funded through the FSGG appropriations bill, including \$315 million for the CFTC.

On July 23, 2013, the House Committee on Appropriations reported H.R. 2786, the Financial Services and General Government Appropriations Act, 2014. H.R. 2786 would have provided \$38.3 billion for agencies funded through the House FSGG Appropriations Subcommittee. In addition, the CFTC would have received \$194.6 million through the FY2014 Agriculture appropriations bill (H.R. 2410). Total FY2014 funding in the House bill was \$38.3 billion, about \$7.1 billion below the President's FY2014 request.

On July 25, 2013, the Senate Appropriations Committee reported its FY2014 financial services bill, S. 1371. The Senate committee's bill would have provided \$44.3 billion for FSGG agencies, including \$315 million for the CFTC, for FY2014, \$1.1 billion below the President's FY2014 request.

Because none of the 12 regular appropriations bills for FY2014 were enacted prior to the beginning of the fiscal year, a funding gap commenced on October 1, 2013. On October 16, 2013, the Senate passed a previously passed House bill, H.R. 2775, with an amendment that, in part, provided interim continuing appropriations for the previous fiscal year's projects and activities and retitled H.R. 2775 as the Continuing Appropriations Act, 2014. Later that same day, the House agreed to the Senate amendment to H.R. 2775. H.R. 2775 was signed into law on October 17, 2013 (P.L. 113-46), thus terminating the funding gap that same day. With some routine exceptions, P.L. 113-46 provided budget authority through January 15, 2014.

On January 17, 2014, the President signed the Consolidated Appropriations Act, 2014 (H.R. 3547/P.L. 113-76), funding the government for the rest of FY2014. The FSGG appropriations were included as Division E of P.L. 113-76. P.L. 113-76 appropriates a total of \$43.2 billion for FSGG agencies, including \$215 million for the CFTC, whose funding was contained in Division A of the law.

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Administration and Congressional Action

On April 10, 2013, President Obama submitted his FY2014 budget request.¹ The request included a total of \$45.4 billion for agencies funded through the Financial Services and General Government (FSGG) appropriations bill, including \$315 million for the Commodity Futures Trading Commission (CFTC).²

On July 23, 2013, the House Committee on Appropriations (hereinafter “the House committee”) reported the Financial Services and General Government Appropriations Act, 2014 (H.R. 2786; H.Rept. 113-172). H.R. 2786 would have provided \$38.1 billion for agencies funded through the House FSGG Appropriations Subcommittee. In addition, the CFTC would have received \$194.6 million through the FY2014 Agriculture appropriations bill (H.R. 2410, H.Rept. 113-116³). Total FY2014 funding in the House bill would have been \$38.3 billion, about \$7.1 billion below the President’s FY2014 request.

On July 25, 2013, the Senate Committee on Appropriations (hereinafter “the Senate committee”) reported its Financial Services and General Government Appropriations Act, 2014 (S. 1371; S.Rept. 113-80). S. 1371 would have provided \$44.3 billion for FSGG agencies, including \$315 million for the CFTC, which would have been \$1.1 billion below the President’s FY2014 request. **Table 1** reflects the status of FSGG appropriations measures at key points in the appropriations process.

Prior to the beginning of FY2014, congressional action occurred on an interim continuing resolution (CR) that would have provided continuing appropriations for projects and activities for which authority existed during the previous fiscal year.⁴ H.J.Res. 59 was introduced on September 10, 2013, and passed the House on September 20. On September 27, 2013, the Senate passed H.J.Res. 59 with an amendment. Subsequent actions to resolve differences between the House and Senate, which included the consideration of various House amendments to that Senate amendment, were unsuccessful. No other interim CRs that broadly covered the previous fiscal year’s projects and activities received congressional action at that time.⁵

Because none of the 12 regular appropriations bills for FY2014 were enacted prior to the beginning of the fiscal year, a funding gap commenced on October 1, 2013.⁶ Congressional action

¹ Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2014*, (Washington, DC: GPO, 2013). In addition to the primary budget document, OMB also releases portions entitled *Analytical Perspectives*, *Historical Tables*, and *Appendix*. Citations to the primary budget document will take the form of “*Budget of the United States, FY2014*,” followed by the appropriate page number; citations to the other documents will take the form of, for example, “*Analytical Perspectives, Budget of the United States, FY2014*,” followed by page numbers. Current and past year’s budget documents can be found at <http://www.whitehouse.gov/omb/budget>.

² The President’s budget does provide totals broken down by congressional appropriations bills. The \$45.4 billion total is as calculated by the Senate Appropriations Committee.

³ U.S. Congress, House Committee on Appropriations, *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, 2014*, report to accompany H.R. 2410, H.Rept. 113-116, 113th Cong., 1st sess., June 18, 2013 (Washington: GPO, 2013).

⁴ For further information with regard to CRs, see CRS Report R42647, *Continuing Resolutions: Overview of Components and Recent Practices*, by Jessica Tollestrup.

⁵ A narrow automatic continuing resolution, P.L. 113-39, was enacted on September 30 to cover FY2014 pay and allowances for (1) certain members of the Armed Forces, (2) certain Department of Defense (DOD) civilian personnel, and (3) other specified DOD and Department of Homeland Security contractors, during any potential funding gap that might ensue beginning on October 1 (H.R. 3210; P.L. 113-39). For further information on P.L. 113-39, see CRS Report R41948, *Automatic Continuing Resolutions: Background and Overview of Recent Proposals*, by Jessica Tollestrup.

⁶ A funding gap is the interval during the fiscal year when appropriations for a particular project or activity are not

on FY2014 appropriations between October 2 and October 15 was generally limited to a number of narrow CRs to provide funding for certain programs or classes of individuals.⁷

On October 16, 2013, the Senate passed a previously passed bill, H.R. 2775, with an amendment that, in part, provided interim continuing appropriations for the previous fiscal year's projects and activities, and retitled H.R. 2775 as the Continuing Appropriations Act, 2014. Later that same day, the House agreed to the Senate amendment to H.R. 2775. The CR was signed into law on October 17, 2013 (P.L. 113-46), thus terminating the funding gap that same day. With some routine exceptions, P.L. 113-46 provided budget authority through January 15, 2014.

Under P.L. 113-46, most FSGG accounts were funded at the same level as they were for FY2013. However, there were exceptions to this general approach, which are often referred to in appropriations argot as "anomalies." The anomalies identified in P.L. 113-46 included:

- Section 125 provided appropriations for "The Judiciary—Courts of Appeals, District Courts, and Other Judicial Services—Salaries and Expenses" at a rate of operations of \$4,820,181,000, with an amount not to exceed \$25,000,000 to be available for transfer between accounts to maintain minimum operating levels.
- Section 126 provided appropriations for "The Judiciary—Courts of Appeals, District Courts, and Other Judicial Services—Defender Services" at a rate for operations of \$1,012,000,000.
- Section 127 provided that the District of Columbia may expend local funds under the heading "District of Columbia Funds" for such programs and activities under Title IV of H.R. 2786 as reported by the House Committee on Appropriations. The rate of spending is to be the rate set forth under "District of Columbia Funds—Summary of Expenses" as included in the Fiscal Year 2014 Budget Request Act of 2013 (D.C. Act 20-127), as modified as of the date of the enactment of this joint resolution.

On January 15, 2014, the House amended a previously passed bill, H.R. 3547, renaming it the Consolidated Appropriations Act, 2014, and passed it again on a vote of 359-67. The Senate took up the amended bill on January 16, 2014, passing it on a vote of 72-26. The President signed H.R. 3547 into law as P.L. 113-76 on January 17, 2014. Total FY2014 FSGG funding in P.L. 113-76 was \$42.3 billion, about \$2.2 billion below the President's FY2014 request .

The FSGG appropriations were enacted as Division E of P.L. 113-76. In lieu of a report on H.R. 3547, the Chairman of the House Committee on Appropriations submitted an explanatory statement, printed in the Congressional Record for January 15, 2014,⁸ henceforth referred to as "Explanatory Statement, Consolidated Appropriations Act, 2014."

enacted into law, either in the form of a regular appropriations act or a CR. For further information, see CRS Report RS20348, *Federal Funding Gaps: A Brief Overview*, by Jessica Tollestrup.

⁷ These CRs include H.J.Res. 70, H.J.Res. 71, H.J.Res. 72, H.J.Res. 73, H.J.Res. 75, H.J.Res. 76, H.J.Res. 77, H.J.Res. 79, H.J.Res. 80, H.J.Res. 82, H.J.Res. 83, H.J.Res. 84, H.J.Res. 85, H.J.Res. 89, H.J.Res. 90, H.J.Res. 91, and H.R. 3230. Of these, only the Department of Defense Survivor Benefits Continuing Appropriations Resolution of 2014 (H.J.Res. 91; P.L. 113-44) was enacted into law.

⁸ Explanatory Statement Submitted By Mr. Rogers Of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 3547, Consolidated Appropriations Act, 2014," *Congressional Record*, daily edition, vol. 160, part 9, Book II (January 15, 2014).

Table 1. Status of FY2014 Financial Services and General Government Appropriations

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Consolidated Appropriations Act Adopted		Public Law
House	Senate						House	Senate	
7/10/13	7/23/13	H.Rept. 113-172 7/23/13	none	S.Rept. 113-80 7/25/13	none	none	H.R. 3547 1/15/14	H.R. 3547 1/16/14	P.L. 113-76 1/17/14

Overview

The House and Senate Committees on Appropriations reorganized their subcommittee structures in early 2007. Each chamber created a new Financial Services and General Government Subcommittee. In the House, the jurisdiction of the FSGG Subcommittee comprised primarily agencies that had been under the jurisdiction of the Subcommittee on Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies, commonly referred to as “TTHUD.”⁹ In addition, the House FSGG Subcommittee was assigned four independent agencies that had been under the jurisdiction of the Science, State, Justice, Commerce, and Related Agencies Subcommittee: the Federal Communications Commission (FCC), the Federal Trade Commission (FTC), the Securities and Exchange Commission (SEC), and the Small Business Administration (SBA).

In the Senate, the jurisdiction of the new FSGG Subcommittee was a combination of agencies from the jurisdiction of three previously existing subcommittees. The District of Columbia, which had its own subcommittee in the 109th Congress, was placed under the purview of the FSGG Subcommittee, as were four independent agencies that had been under the jurisdiction of the Commerce, Justice, Science, and Related Agencies Subcommittee: the FCC, FTC, SEC, and SBA. In addition, most of the agencies that had been under the jurisdiction of the Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban Development, and Related Agencies were assigned to the FSGG Subcommittee.¹⁰

As a result of this reorganization, the House and Senate FSGG Subcommittees have nearly identical jurisdictions, except that the CFTC is under the jurisdiction of the FSGG Subcommittee in the Senate but not in the House, where it is under the Agriculture Subcommittee.

The FSGG appropriations bill includes funding for the Department of the Treasury, the Executive Office of the President (EOP), the judiciary, the District of Columbia, and more than two dozen independent agencies. For these five segments of the FSGG appropriations bill, **Table 2** lists the enacted amounts for FY2013 prior to the sequester under the Budget Control Act of 2011 (P.L.

⁹ The agencies previously under the jurisdiction of the TTHUD Subcommittee that did not become part of the FSGG subcommittee were the Department of Transportation, the Department of Housing and Urban Development (HUD), the Architectural and Transportation Barriers Compliance Board, the Federal Maritime Commission, the National Transportation Safety Board, the Neighborhood Reinvestment Corporation, and the United States Interagency Council on Homelessness.

¹⁰ The agencies that did not transfer from TTHUD to FSGG were Transportation, HUD, the Architectural and Transportation Barriers Compliance Board, the Federal Maritime Commission, the National Transportation Safety Board, the Neighborhood Reinvestment Corporation, and the United States Interagency Council on Homelessness.

112-25), the President's FY2014 request, amounts recommended by the House and Senate Appropriations Committees for FY2014, and the FY2014 enacted amounts.

Note on FY2013 and Sequestration

Past Congressional Research Service (CRS) reports on FSGG appropriations have carried detailed comparisons with previous years' funding levels. Due to the impact of sequestration on budget authority available to the federal government under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6) and the Disaster Relief Appropriations Act, 2013 (P.L. 113-2), complete post-sequestration numbers are not available at the program, project, and activity levels. Therefore, the charts in this report generally contain information on only pre-sequester funding levels for FY2013 as reported by the Senate Committee on Appropriations.¹¹ In some cases, particularly with regard to funding for the Treasury, CRS was supplied post-sequester numbers by the executive branch and **Table 3** includes these figures.

Table 2. Financial Services and General Government Appropriations, FY2013-FY2014

(in millions of dollars)

Agency	FY2013 Pre-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Department of the Treasury	\$12,196	\$13,229	\$9,044	\$12,203	\$11,895
Executive Office of the President	669	623	625	679	670
The Judiciary	6,998	7,222	7,029	7,162	7,039
District of Columbia	674	676	636	675	673
Independent Agencies	22,809	23,685	20,943	23,585	22,940
Total	\$43,346	\$45,435	\$38,277	\$44,304	\$43,217

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; S.Rept. 113-180; and H.Rept. 113-116.

Notes: Totals for each column include funding for the Commodity Futures Trading Commission. The CFTC is funded in the House through the Agriculture appropriations bill and in the Senate through the Financial Services and General Government bill. Figures include rescissions and offsetting collections. Totals may not sum due to rounding. "Pre-sequester FY2013" figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6). The House bill funds some mandatory spending for the President, the judiciary, and the independent agencies in Title VI while the Senate bill includes this spending in Titles II, III, and V, respectively.

The Department of the Treasury¹²

This section examines FY2014 appropriations for the Treasury Department and its operating bureaus, including the Internal Revenue Service (IRS). The Treasury Department performs a variety of critical functions. These include guarding the nation's financial system against a variety of illicit activities (such as money laundering and terrorist financing), collecting tax revenue and enforcing tax laws, managing and accounting for federal debt, administering the federal

¹¹ Data from the Senate report are used because it is more recent and includes the across-the-board cuts included in P.L. 113-6.

¹² This section authored by Gary Guenther.

government's finances, regulating certain financial institutions, and producing and distributing coins and currency.

Brief Summary of the Treasury's Structure and Functions

At its most basic level of organization, Treasury consists of departmental offices and operating bureaus. In general, the offices are responsible for formulating and implementing policy and managing Treasury's operations, while the bureaus undertake specific tasks assigned to Treasury, mainly through statutory mandates. In the past decade or so, the bureaus have accounted for more than 95% of the agency's funding and workforce.

With one exception, the bureaus and offices can be divided into those engaged in financial management and regulation and those engaged in law enforcement. In recent decades, the Comptroller of the Currency, U.S. Mint, Bureau of Engraving and Printing, Financial Management Service, Bureau of the Public Debt, and Community Development Financial Institutions Fund have been responsible for the management of the federal government's finances or the supervision and regulation of parts of the U.S. financial system. In contrast, law enforcement has been central to the duties handled by the Alcohol and Tobacco Tax and Trade Bureau, Financial Crimes Enforcement Network, and the Treasury Forfeiture Fund. (With the advent of the Department of Homeland Security in 2002, Treasury's direct involvement in law enforcement shrank considerably.) The exception to this dichotomy is the IRS, whose main responsibilities encompass the collection of tax revenue and the enforcement of tax laws and regulations.

The operating budgets for most Treasury bureaus and offices are largely funded through annual discretionary appropriations. This is the case for the IRS, Financial Management Service, Bureau of Public Debt, Financial Crimes Enforcement Network, Alcohol and Tobacco Tax and Trade Bureau, Office of the Inspector General, Treasury Inspector General for Tax Administration, Special Inspector General for the Troubled Asset Relief Program, and Community Development Financial Institutions Fund. Descriptions of these bureaus and offices follow below. By contrast, funding for the Treasury Franchise Fund, the U.S. Mint, the Bureau of Engraving and Printing, and the Office of the Comptroller of the Currency comes exclusively from the fees they receive for the services and products they provide to the public and other government agencies.

A brief overview of each of the appropriations accounts for the Treasury Department follows.

Departmental Offices

The Departmental Offices (DO) account covers the salaries and other expenses of offices in the department that formulate and implement policies dealing with domestic and international finance, terrorist financing and other financial crimes, taxation, international trade, and the domestic economy. It also provides funding for the Treasury Department's financial and personnel management, procurement operations, and information and telecommunications systems.

Department-wide Systems and Capital Investments

The Department-wide Systems and Capital Investments Program (DSCIP) account covers expenses related to modernizing Treasury's administrative processes and increasing the efficiency of its operations through investments in new technology and capital improvements.

Office of Inspector General

The Office of Inspector General (OIG) account covers the salaries and other expenses related to the audits and investigations conducted by OIG staff. These evaluations are intended to promote improved efficiency and effectiveness and prevent waste, fraud, and abuse in Treasury's operations and programs, and to inform the Treasury Secretary and Congress about problems or shortcomings in those activities.

Treasury Inspector General for Tax Administration

The Treasury Inspector General for Tax Administration (TIGTA) account covers salaries and other expenses related to the audits and investigations conducted by TIGTA staff. These evaluations are intended to promote greater efficiency and effectiveness in the administration of tax law, deter or prevent fraud and abuse in IRS programs and operations, and recommend changes in those activities to solve problems or remedy deficiencies.

Special Inspector General for the Troubled Asset Relief Program

The Special Inspector General for the Troubled Asset Relief Program (SIGTARP) account covers salaries and other expenses related to the audits and investigations into the management and effectiveness of TARP conducted by SIGTARP staff. The office was established by the same law that created TARP: the Emergency Economic Stabilization Act.¹³

Financial Crimes Enforcement Network

The Financial Crimes Enforcement Network (FinCEN) account covers salaries and other expenses related to the activities of FinCEN, whose main responsibility is to protect the domestic financial system from illicit uses, such as money laundering and terrorist financing. The legal basis for this role is the Bank Secrecy Act (BSA).¹⁴ FinCEN administers the act by developing and implementing regulations and other guidance and working with private financial institutions and eight federal agencies to ensure that the financial industry complies with the BSA's reporting requirements.

Financial Management Service

The Financial Management Service (FMS) account covers salaries and other expenses related to the operations of the FMS, which is responsible for developing and implementing payment policies and procedures for federal agencies, collecting debts owed to those agencies and state governments, and providing financial accounting, reporting, and financing services for the federal government and its agents.

Alcohol and Tobacco Tax and Trade Bureau

The Alcohol and Tobacco Tax and Trade Bureau (TTB) account covers salaries and other expenses related to the activities of TTB, which was established by the Homeland Security Act of 2002.¹⁵ The bureau is responsible for enforcing certain laws regarding the domestic sale and

¹³ P.L. 110-343. For more information see CRS Report R41427, *Troubled Asset Relief Program (TARP): Implementation and Status*, by Baird Webel.

¹⁴ P.L. 91-508.

¹⁵ P.L. 107-296.

production of alcohol and tobacco products and for protecting the welfare of consumers by ensuring that federal consumer safety laws are enforced for alcohol and tobacco products.

Bureau of the Public Debt

The Bureau of the Public Debt (BPD) account covers salaries and other expenses related to the federal government's public debt operations and the promotion of U.S. bonds.

Community Development Financial Institutions Fund

The Community Development Financial Institutions Fund (CDFIF) account provides funding for the activities of community development financial institutions (CDFIs). These institutions, which include community development banks, credit unions, and venture capital funds, provide financing (in the form of grants, loans, and equity investments) for affordable housing projects, small businesses, and community development projects in eligible areas. In addition, the CDFIF administers the Bank Enterprise Award (BEA) program and the New Markets tax credit. Since its creation in 1994, CDFIF has awarded over \$1.7 billion to community development financial institutions, community development entities (CDEs), and depository institutions insured by the Federal Deposit Insurance Corporation through the CDFI Program, the Native American CDFI Assistance Program, and the BEA program. In addition, the Fund has allocated \$33 billion in New Markets tax credits to CDEs.

Internal Revenue Service

The Internal Revenue Service (IRS) account covers salaries and other expenses related to the administration of federal tax laws and collection of revenue. Two critical components of the IRS's operations and programs are the services it offers taxpayers to help them understand and meet their tax obligations and the steps it takes to improve voluntary taxpayer compliance and punish those who violate the law. Some appropriated funds are used to develop or upgrade business operations and information systems, as part of an ongoing effort to improve the effectiveness and efficiency of taxpayer services and enforcement.

Table 3 shows pre- and post-sequester amounts for FY2013, the President's FY2014 request, the amounts recommended by the House and Senate Appropriations Committees for FY2014, and the enacted amounts for FY2014.

Table 3. Department of the Treasury Appropriations, FY2013-FY2014
(in millions of dollars)

Appropriation Account	FY2013 Pre-sequester	FY2013 Post-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Departmental Offices (Salaries and Expenses)	\$308	\$292	\$312	\$182	\$302	\$312
Department-wide Systems and Capital Investments	—	0	3	—	3	3
Terrorism and Financial Intelligence	—	—	—	105	—	—
Office of Inspector General	30	28	31	31	32	35
Treasury Inspector General for Tax Administration	151	143	150	155	156	156
Special Inspector General for Troubled Asset Relief Program	42	42	35	35	35	35
Community Development Financial Institutions Fund	221	209	225	221	230	226
Financial Crimes Enforcement Network	111	105	104	111	112	112
Financial Management Service	217	206	—	—	—	—
Bureau of the Fiscal Service ^a	—	—	360	359	360	360
Alcohol and Tobacco Tax and Trade Bureau	100	95	96	96	101	99
Bureau of the Public Debt	172	165	—	—	—	—
Payment for Losses in Shipment	2	2	2	2	2	2
Internal Revenue Service (total)	11,793	11,199	12,861	8,966	12,070	11,291
<i>Taxpayer Services</i>	2,235	2,123	2,413	1,900	2,316	2,123
<i>Enforcement^b</i>	5,289	5,022	5,421	3,866	5,343	5,022
<i>Operations Support Activities^c</i>	3,940	3,741	4,315	2,900	4,110	3,741
<i>Business Systems Modernization</i>	330	313	301	300	301	313
<i>General Provision</i>	—	—	—	—	—	92
Rescissions: Treasury Forfeiture Fund	(-950)	(-950)	(-950)	(-1,219)	(-1,200)	(-736)

Appropriation Account	FY2013 Pre-sequester	FY2013 Post-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Total	\$12,196	\$11,536	\$13,229	\$9,044	\$12,203	\$11,895

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; S.Rept. 113-80; and the Department of the Treasury.

Notes: Figures are rounded and may not sum due to rounding. “Pre-sequester FY2013” figures are from S.Rept. 113-80. “Post-sequester FY2013” amounts provided by the Treasury and reflect the enacted full-year continuing resolution, a sequestration reduction of 5%, and an across-the-board rescission of 0.2% under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

- As it did with the FY2013 budget request, Treasury proposed merging the appropriation accounts for the Financial Management Service and the Bureau of Public Debt into a single account called the Bureau of Fiscal Service. The main justification for such a consolidation is to improve the efficacy and efficiency of Treasury’s financial management operations.
- The requested appropriation for FY2014 includes \$246 million in additional funds as a program integrity cap adjustment for IRS enforcement initiatives to reduce future deficits.
- The requested appropriation for FY2014 includes \$166 million in additional funds as a program integrity cap adjustment for IRS enforcement initiatives to reduce future deficits.

The President’s Budget Request for FY2014

The President requested \$13.229 billion (along with the cancellation of \$950 million in unobligated balances from the Treasury Forfeiture Fund (TFF)) in appropriations for the Department of the Treasury in FY2014. Under the budget proposal, the IRS would have received \$12.861 billion, or 97.2% of the total amount. The remaining \$1.316 billion (plus \$2 million in payments for shipping losses) would have been split among Treasury’s nine other appropriation accounts in the following amounts: DO, \$312 million; Department-wide Systems and Capital Investments Program (DSCIP), \$3 million; OIG, \$31 million; TIGTA, \$150 million; SIGTARP, \$35 million; CDFIF, \$225 million; FinCEN, \$104 million; Fiscal Service Operations (FSO), \$360 million (consolidates funding for FMS and BPD); and ATTB, \$96 million.

Treasury’s FY2014 budget request was intended to promote the following objectives:

- repair and reform the U.S. financial system;
- support recovery in the housing market;
- enhance U.S. competitiveness;
- promote international financial stability and balanced global growth;
- protect national security through targeted financial actions;
- pursue comprehensive tax and fiscal reform; and
- manage the government’s finances in a fiscally responsible manner.¹⁶

More details on the Administration’s budget request for each appropriations account follow.

¹⁶ For more details on these goals and the ways in which the budget request would promote them, see <http://www.treasury.gov/about/budget-performance/CJ14/0.%20Departmential%20Summary.pdf>.

Departmental Offices

The Treasury Department requested \$311.8 million in appropriations for DO in FY2014. Of that amount, \$36.2 million would have gone to executive direction, \$55.5 million to international affairs and economic policy, \$86.1 million to domestic finance and tax policy, \$97.7 million to terrorism and financial intelligence, and \$36.3 million to Treasury management and related programs.¹⁷ The proposed operating budget totaled \$381.3 million, about \$69 million more than the requested appropriations. This difference would have been bridged by reimbursable expenses incurred by activities funded under the DO account.

Department-wide Systems and Capital Investments

Treasury requested \$2.7 million in appropriations for DSCIP in FY2014. No funds were appropriated for the account in FY2012 and FY2013. Of that amount, \$1.5 million would have been used to design, procure, and install a “Wireless Intrusion Detection System” in the Main Treasury and Treasury Annex buildings, and \$1.2 million would have been used to upgrade the energy efficiency of those buildings.¹⁸

Office of Inspector General

Treasury requested \$31.3 million in appropriated funds for OIG in FY2014.¹⁹ The funds would have been used to conduct both mandated audits and audits and investigations of Treasury’s riskier programs and operations. Among the mandated audits are those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),²⁰ the Federal Information Security Management Act,²¹ the Federal Deposit Insurance Act,²² and the Improper Payments Elimination and Recovery Act.²³ The OIG is also responsible for conducting audits and investigations of projects and programs funded through the Gulf Coast Restoration Trust Fund and overseeing Treasury’s funding of low-income housing projects and certain energy properties under the Economic Recovery and Reinvestment Act of 2009.²⁴ Included in the budget request was \$2.8 million for costs related to OIG’s oversight of Gulf Coast Restoration Trust Fund projects and program.

Office of the Special Inspector General for the Troubled Asset Relief Program

Treasury requested \$34.9 million for SIGTARP in FY2014.²⁵ The funds would have been used to support the Office’s main functions of fostering transparency in Treasury’s management of

¹⁷ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/1.%20DO%20CJ%20Final%20508%20OK.pdf>.

¹⁸ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/2.%20DSCIP%20CJ%20Final%20508%20OK.pdf>.

¹⁹ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/3.%20OIG%20CJ%20Final%20ok.pdf>.

²⁰ P.L. 111-203.

²¹ 44 U.S.C. §3541, *et seq.*

²² 12 U.S.C. §1811, *et seq.*

²³ P.L. 112-248.

²⁴ P.L. 111-5.

²⁵ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/4.%20SIGTARP%20CJ%20Final%20ok.pdf>.

TARP-funded programs for which the federal government has contracts or guarantees; assessing the effectiveness of TARP; and preventing, investigating, and referring for prosecution instances of waste, fraud, and abuse in TARP-funded programs. Included in the budget request were \$433,000 for maintaining current levels of operation, \$80,000 to support the Council of Inspectors General on Integrity and Efficiency, and \$5.8 million in efficiency savings.

Treasury Inspector General for Tax Administration

Treasury requested \$149.5 million for TIGTA in FY2014.²⁶ The appropriated funds would have been used to finance the audits, investigations, and evaluations of IRS operations that TIGTA conducts as part of its mission. Among its priorities in FY2014 are reducing the risks associated with IRS's programs for modernizing its business systems, lowering the tax gap, protecting taxpayer identities, and overseeing IRS's efforts to administer the tax provisions of the Patient Protection and Affordable Care Act²⁷ and the Health Care and Education Reconciliation Act of 2010²⁸ (henceforth referred to jointly as "ACA"). Included in the budget request were \$1.6 million to maintain current operating levels, efficiency savings of \$383,000, \$5.5 million in program reductions, \$324,000 to support the Council of the Inspectors General on Integrity and Efficiency, and \$4.5 million to oversee IRS's implementation of the tax provisions in the ACA.

Community Development Financial Institutions Fund²⁹

Treasury requested \$224.9 million for CDFIF in FY2014. Included in the budget request were \$144.3 million for Financial and Technical Assistance awards, \$10 million for the BEA program and up to \$35 million for the Healthy Food Financing Initiative (HFFI). The request also called for \$266,000 to maintain FY2013 operating levels, \$853,000 in efficiency savings, \$11.3 million in program decreases (including an \$8 million reduction in funding for the BEA program), and \$16.3 million in program increases (including additional funding of \$13 million for the HFFI).

Financial Crimes Enforcement Network

Treasury requested \$103.9 million for FinCEN in FY2014.³⁰ Included in the budget request were \$1.3 million for maintaining FY2013 levels of operation, \$2.7 million in efficiency savings, and \$6.1 million in program decreases.

Among FinCEN's priorities reported for FY2014 were strengthening relationships with state regulatory agencies to enhance BSA compliance and enforcement, improving enforcement programs by enhancing the identification of illicit financial activities, increasing the number of analytical projects undertaken with foreign financial intelligence units, and refining and applying the new information technology (IT) capabilities made possible by the BSA IT modernization project.

²⁶ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/5.%20TIGTA%20CJ%20FINAL%20ok.pdf>.

²⁷ P.L. 111-148.

²⁸ P.L. 111-152.

²⁹ For more information, see CRS Report R42770, *Community Development Financial Institutions (CDFI) Fund: Programs and Policy Issues*, by Sean Lowry.

³⁰ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/7.%20FinCEN%20CJ%20FINAL%20ok.pdf>.

Alcohol and Tobacco Tax and Trade Bureau

Treasury requested \$96.2 million for TTB in FY2014.³¹ Included in the budget request were \$1.1 million to maintain current operating levels, \$1.7 million in new efficiency savings, and an additional \$5.0 million for the Bureau's alcohol and tobacco enforcement program through a program integrity cap adjustment.³²

Bureau of the Fiscal Service

Treasury proposed that the budgets for FMS and BPD be merged into a single appropriation account called the Bureau of the Fiscal Service (FS) beginning in FY2014.³³ (It made the same request for FY2013, but Congress did not adopt it.) Under the proposal, FS would have received \$360.2 million in FY2014. Included in the budget request were \$4.2 million to maintain FY2013 operating levels, \$11.9 million in new efficiency savings, \$5.6 million in program decreases, \$11.7 million in reinvestments, and \$5.5 million in program increases.

Among FS's indicated priorities for FY2014 were integrating the accounting and information technology operations of FMS and BPD; implementing a government-wide Treasury Account Symbol system to replace four legacy computer systems; creating a mechanism for managing case files in digital form; continuing to develop the Financial Information Repository and to implement the Payment Information Repository; and transferring the operations of the Office of Financial Innovation to FMS from DO.

Treasury Forfeiture Fund (TFF)

Treasury proposed to cancel permanently \$950 million in unobligated balances from the TFF in FY2014.³⁴ This would have come on top of a rescission of \$950 million in such balances enacted in FY2013.

The Fund serves as the receipt account for the deposit of non-tax assets seized by the bureaus participating in the TFF. These include the IRS's Criminal Investigation unit, the U.S. Secret Service, the Bureau of Customs and Border Patrol, and the Bureau of Immigration and Customs Enforcement. The Treasury Executive Office for Asset Forfeiture (TEOAF) manages the Fund. Money in the Fund covers the operating expenses of TEOAF and supports the enforcement activities of the participating bureaus related to the National Money Laundering Strategy, the Southwest Border Strategy, and federal efforts to combat terrorist financing.

TEOAF has estimated that \$593 million will be deposited in the Fund from asset forfeitures and recoveries from previous fiscal years in FY2014, leaving \$2.0 billion in budgetary resources, or 32% less than the amount of budgetary resources in FY2013. After allowing for \$716 million in administrative expenses and obligatory costs and the proposed cancellation of \$950 million in

³¹ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/8.%20TTB%20CJ%20FY%2014%20FINAL%20ok.pdf>.

³² The cap adjustments have their origin in the Budget Enforcement Act of 1990 (P.L. 101-508). For more details, see CRS Report R41901, *Statutory Budget Controls in Effect Between 1985 and 2002*, by Megan S. Lynch; and CRS Report R41965, *The Budget Control Act of 2011*, by Bill Heniff Jr., Elizabeth Rybicki, and Shannon M. Mahan.

³³ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/9.%20Fiscal%20Service%20CJ%20%20FINAL.pdf>.

³⁴ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/17.%20TEOAF%20CJ%20FINAL%20ok.pdf>.

unobligated balances, the net result at the end of FY2014 would have been \$370 million in such balances, or 24.8% less than the projected result for FY2013.

Internal Revenue Service

Treasury requested \$12.9 billion for the IRS in FY2014.³⁵ Of this amount, \$2.4 billion would have been used for taxpayer services, \$5.7 billion for enforcement (including \$246 million as a program integrity cap adjustment³⁶), \$4.5 billion for operations support (including \$166 million as a program integrity cap adjustment), and \$301 million for the Business Systems Modernization (BSM) program.

Included in the budget request were \$125.7 million to maintain current operations, \$254.9 million in efficiency savings, \$1.1 billion in program increases, and \$37.5 million in reinvestments. Of the proposed funding for program increases, \$177 million was intended to improve taxpayer service; \$605 million is intended to implement enacted legislation (especially the ACA), identify and prevent taxpayer identity theft and the issuance of fraudulent tax refunds, and boost compliance by investigating offshore tax evasion, implementing new information reporting requirements, strengthening examination and collection programs, increasing audits, and expanding the tax return preparer program implemented in 2011; \$349 million is intended to put in place new IT systems to deliver tax credits and meet rising demand for online and self-assistance services; and \$5 million is a transfer from the program integrity cap adjustment for IRS's enforcement account to TTB for its enforcement programs. In addition, \$5 million from the program integrity cap adjustment for IRS's enforcement account was to be transferred to the TTB for its enforcement programs.

The budget request also proposed amending the Balanced Budget and Emergency Deficit Control Act of 1985³⁷ in order to raise the discretionary budget caps imposed on funding for the IRS. Under the act, Congress created a mechanism for increasing spending allocations among programs that generate a positive return on investment. These allocations are known as program integrity cap adjustments. Under the Administration's proposal, the adjustments would give the IRS an additional \$246 million for tax enforcement initiatives and \$166 million for operations support in FY2014.

The IRS's budget request for FY2014 was built around the following priorities:

- improving customer telephone service;
- reducing the federal tax gap;
- upgrading agency IT systems to implement the ACA, develop new online services, and promote increased employee collaboration and productivity; and
- continuing the advances in the processing of taxpayer accounts made under a program known as Customer Account Data Engine (CADE) 2.

³⁵ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/10.%20IRS%20CJ%20FINAL%20v2.pdf>.

³⁶ For more details, see <http://www.treasury.gov/about/budget-performance/CJ14/5.%20TIGTA%20CJ%20FINAL%20ok.pdf>.

³⁷ P.L. 99-177.

IRS Oversight Board Assessment of the Budget Request for the IRS

The IRS Oversight Board was established by the IRS Reform and Restructuring Act of 1998³⁸ to oversee the IRS's performance in administering the tax laws, managing its operations, and accomplishing its strategic goals. Section 7802(d) of the federal tax code requires the Board to assess the annual budget proposal submitted by the IRS to the Treasury Department. A key focus of the Board's assessment is the extent to which the proposal supports the short- and long-term strategic objectives of the agency. The same statutory provision requires the President to submit the Board's budget recommendation to Congress along with the budget request for the IRS.

The Board recommended that the IRS receive \$13.074 billion in appropriated funds in FY2014, which would have been 1.7% more than the budget request for FY2014.³⁹ In the Board's view, the recommended funding would arrest a reduction in IRS operating levels since FY2010, which has led to an accelerating decline in the agency's performance (as measured by the amount of enforcement revenue collected, the level of service available through the IRS's toll-free assistance line, taxpayer satisfaction with IRS service, and employee morale).

In its review of the Administration's FY2014 budget request, the Board noted that it seemed "appropriate for the IRS to carry out both its statutory and additional new responsibilities," even though the request was \$214 million less than the Board's recommended amount.⁴⁰ In the Board's view, the Administration's proposed budget would make needed investments in improving taxpayer service, enforcement, and agency information systems. More specifically, the Board argued that the Administration's requested appropriations for taxpayer services would enable the IRS to upgrade its level of toll-free telephone service and educate taxpayers about the tax provisions in the ACA.⁴¹ It also stated that the requested funding for enforcement would allow the IRS to pursue three key short-term objectives: (1) accelerate its efforts to combat offshore tax evasion through implementing the provisions of the Foreign Account Tax Compliance Act;⁴² (2) improve its capability to prevent the issuance of fraudulent tax refunds tied to identity theft; and (3) increase its audits of high-income taxpayers and corporations.⁴³

For the Board, a critical consideration in determining how much funding the IRS should receive is the return on investment the added funds would yield. In its review of the budget request, the Board noted that every dollar invested in taxpayer services, enforcement, operations support, and BSM led to an average return in revenue collected of four dollars.⁴⁴

House Measure (H.R. 2786)

H.R. 2786, as reported by the House Committee on Appropriations, would have provided \$9.044 billion in appropriations (including a rescission of \$1.219 billion from the TFF) for the Treasury Department in FY2014. This amount was about 32% less than the budget request.

³⁸ P.L. 105-206.

³⁹ IRS Oversight Board, *FY2014 IRS Budget Recommendation: Special Report* (Washington: May 2013), p. 3.

⁴⁰ IRS Oversight Board, *FY2014 IRS Budget Recommendation: Special Report*, p. 3.

⁴¹ IRS Oversight Board, *FY2014 IRS Budget Recommendation: Special Report*, 10.

⁴² P.L. 111-147.

⁴³ IRS Oversight Board, *FY2014 IRS Budget Recommendation: Special Report*, 11.

⁴⁴ IRS Oversight Board, *FY2014 IRS Budget Recommendation: Special Report*, 4.

Senate Measure (S. 1371)

S. 1371, as reported by the Senate Committee on Appropriations, would have provided \$12.203 billion in appropriated funds (including a rescission of \$1.2 billion from the TFF) for the Treasury Department in FY2014. This amount was about 8% less than the budget request.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 provided \$11.895 billion in appropriated funds (including a rescission of \$736 million from the TFF) for the department, or 10% less than the budget request. Details on the FY2014 appropriations for each of the Treasury accounts are given below.

Departmental Offices

P.L. 113-76 provides \$312 million in appropriated funds for DO salaries and expenses in FY2014, the same amount as the budget request. Of that amount, \$102 million is reserved for TFI and \$7.4 million for administering the Gulf Coast Restoration Trust Fund, which was established by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012.⁴⁵ On the issue of economic sanctions, the act directs Treasury to “fully implement” sanctions and divestment measures targeted at North Korea, Syria, Belarus, Iran, Sudan, Zimbabwe, and designated rebel groups operating in the Democratic Republic of the Congo. In addition, the act requires Treasury to post online and disseminate in other ways a list of companies that are failing to comply with the Iran Sanctions Act and a list of foreign entities that are doing business with the Iran Revolutionary Guard Corps.

Department-Wide Systems and Capital Investments Programs

P.L. 113-76 gives the DSCIP \$2.7 million in appropriations for salaries and program expenses in FY2014. This is the same amount as the budget request. The act specifies that \$1.5 million is to be set aside for upgrading cybersecurity for the Treasury Department’s information systems.

Office of Inspector General

Under P.L. 113-76, OIG receives \$34.8 million in appropriations for FY2014, \$4 million more than the budget request. Of this amount, \$2.8 million is to be used for audits and investigations related to Treasury’s management of the Gulf Coast Restoration Trust Fund.

Treasury Inspector General for Tax Administration

P.L. 113-76 provides \$156.4 million in appropriated funds for TIGTA in FY2014, \$6 million more than the budget request. The act requires TIGTA to submit a report to the House and Senate Appropriations Committees within 90 days of the act’s enactment that evaluates the extent to which the revenue that new enforcement initiatives are supposed to raise is actually collected.

Special Inspector General for the Troubled Asset Relief Program

Under P.L. 113-76, SIGTARP is to receive \$34.9 million in appropriations for FY2014, or the same amount as the budget request. An unspecified amount of the \$7 million decrease in funding from FY2013 is to be offset by funds carried over from that year.

⁴⁵ Subtitle F of P.L. 112-141.

Financial Crimes Enforcement Network

P.L. 113-76 provides \$112 million for the salaries and expenses of FinCEN in FY2014, or \$8 million more than the budget request. Under the act, FinCEN is to submit a report to the two committees on its reorganization no later than 45 days after the enactment of the act. The report should describe the status of that effort as of September 30, 2013, outline the objectives for FY2014, and assess the extent to which the progress made so far represents an improvement over FinCEN's previous organizational model.

Treasury Forfeiture Fund

P.L. 113-76 includes a permanent rescission of \$736 million in unobligated balances from the TFF in FY2014, or \$214 million less than the rescission included in the budget request. Under current law, surpluses in the TFF may be used to enhance the forfeiture capabilities of the federal agencies involved in such endeavors, held in reserve, or rescinded temporarily or permanently.

Bureau of the Fiscal Service

Under P.L. 113-76, the BFS is appropriated \$360.2 million for FY2014, or the same amount as the budget request. The act approves the proposed merger of the appropriations accounts for the FMS and the BPD and sets aside \$8.7 million to cover the expenses related to the merger. It also authorizes the transfer of \$165,000 from the Oil Spill Liability Trust Fund to reimburse the BFS for the expenses it incurs in managing the fund.

Alcohol and Tobacco Tax and Trade Bureau

P.L. 113-76 provides \$99 million in appropriated funds for the TTB in FY2014, or \$3 million more than the budget request. Of this amount, \$2 million is to be used for the cost of employing special agents to investigate and combat tobacco smuggling and related criminal activities.

Community Development Financial Institutions Fund Program

P.L. 113-76 provides the CDFIF with \$226 million in appropriations for FY2014. Of this amount, \$146.4 million is reserved for financial and technical assistance awards under the core, CDFI program; \$24.6 million is for administrative costs; \$15 million is for grants, loans, and technical assistance for Native American, Hawaiian, and Alaskan communities; \$22 million is for the Healthy Food Financing Initiative; and \$18 million is for the Bank Enterprise Award program. P.L. 113-76 also sets a \$750 million limit for FY2014 on the total amount of bonds the Treasury Department can guarantee to support loans and investments made by CDFIs in underserved communities.⁴⁶

Internal Revenue Service

P.L. 113-76 gives the IRS \$11.291 billion in appropriated funds for FY2014, or \$1.570 billion less than the budget request. The act also imposes several reporting requirements on the agency.

Specifically, not more than 90 days after the enactment of the act, the IRS Commissioner is required to submit to the House and Senate Appropriations Committees a report on how the IRS determines its training needs, develops training curricula, selects employees and supervisors to participate in training classes, chooses the provider of the training, evaluates the results of

⁴⁶ These bond guarantees are authorized by the Small Business Jobs Act of 2010 (P.L. 111-240).

training programs, and incorporates training costs into the IRS's budget request. In addition, the report is to discuss the steps taken by the agency to ensure that training classes are job-related.

The act also directs the IRS to submit, within 30 days of enactment, a report to the two committees on bonuses paid to executive and non-executive staff in the previous and current fiscal years. The report should explain how the agency uses bonuses to improve employee performance and productivity and the ways in which the IRS makes sure that bonuses and awards are "used appropriately."

Another reporting requirement concerns a manual that clarifies the IRS's mission, organization, and functions. Under P.L. 113-76, the agency is required to include such a manual with its annual budget request. The manual for FY2014 should be submitted no later than 120 days after the enactment of the act.

Finally, P.L. 113-76 requires the IRS to submit quarterly reports on its activities to the House and Senate Appropriations Committees. The reports should discuss the following topics: (1) the obligations made during the previous quarter by "appropriation, object class, office, and activity;" (2) the estimated obligations for the remainder of the fiscal year by the same categories; (3) the number of full-time equivalent employees in the previous quarter by office; and (4) the estimated full-time equivalent employees for the same office through the end of the fiscal year.

There are four sub-accounts within the overall appropriations account for the IRS. Each is discussed below.

Taxpayer Services

P.L. 113-76 provides \$2.123 billion for taxpayer services in FY2014, or \$290 million less than the budget request. Of that amount, not less than \$10 million is to be used for low-income taxpayer clinic grants, \$5.6 million for the Tax Counseling for the Elderly program, and \$203 million for the operating expenses of the Taxpayer Advocate Service. In addition, not less than \$12 million is set aside for the Community Volunteer Income Tax Assistance program; the funds shall be available for obligation through the end of FY2015.

Two of the administrative provisions included in the act are related to the delivery of taxpayer services. Section 104 allows funding in FY2014 for efforts to improve the IRS's toll-free telephone service for taxpayers and directs the IRS Commissioner to make such efforts a "priority." Section 109 provides \$92 million in additional funding for three purposes: (1) to improve the delivery of assistance to taxpayers, (2) to prevent identity theft and the fraudulent tax refunds associated with it, and (3) to address offshore tax compliance issues.

The act also requires the IRS to make sure that the Taxpayer Advocate Service centers in Alaska and Hawaii are adequately staffed and capable of resolving complicated taxpayer problems.

To address concerns about increasing instances of tax fraud stemming from identity theft, the act directs the IRS to submit a report describing the extent of the problem from 2009 to 2013 and assessing the effectiveness of steps taken by the agency to expedite the resolution of cases involving taxpayers who are the victims of identity theft.

Enforcement

Under P.L. 113-76, the IRS is receiving \$5.022 billion in appropriations for enforcement activities in FY2014, or \$401 million less than the budget request. This amount is to be supplemented to an unspecified extent by the added \$92 million in funding provided by Section 109.

The act requires the IRS to submit a report to the House and Senate Appropriations Committees within 90 days of its enactment that looks at the existing data on delinquent payroll tax service providers, the extent to which the IRS is using the data to prevent fraud among those providers, and the steps the IRS would take if it were given more resources to address this problem. Payroll tax fraud arises when a payroll tax processor fails to transmit to the IRS the payroll tax revenue it collects from the employers that use its services.

In addition, Sections 107 and 108 of the act bar the IRS from using any appropriated funds in FY2014 to “target either groups for regulatory scrutiny based on their ideological beliefs or citizens for exercising their First Amendment rights.” These provisions allude to a controversy that erupted in Congress in 2013 over allegations that the IRS office in charge of reviewing applications for tax exemption gave extra scrutiny to applications from entities associated with the Tea Party claiming to be social welfare organizations under Section 501(c)(4) of the federal tax code. An investigation into the allegations by TIGTA found that the unit in the IRS responsible for processing the applications used “inappropriate criteria” to identify for added review applications from certain organizations. The criteria focused on the names or policy positions of the organizations, rather than any indications that the applicants engaged in impermissible political campaign activities.

P.L. 113-76 directs the IRS Commissioner to implement TIGTA’s recommendations for avoiding the use of inappropriate criteria in the future to review such applications. Among those recommendations are making the application review process more transparent, strengthening internal controls and management oversight of the process, and ensuring that IRS staff in the application review office receive training before each federal election so they can “properly and expeditiously” process applications. The act sets aside \$200,000 for the training of employees in the Tax Exempt Unit.

Operations Support

Under P.L. 113-76, the IRS is receiving \$3.741 billion for operations support in FY2014, or \$574 million less than the budget request. Of that amount, up to \$250 million is available for maintaining and upgrading IRS’s information technology (IT) systems through the end of FY2015, as much as \$1 million is to be available for research through the end of FY2016, and not less than \$2 million is to go to the IRS Oversight Board for its operating costs.

The act also directs the agency to submit to the appropriations committees, within 180 days of enactment, a strategic plan for possible new uses of IRS’s e-services and the resources needed to implement them.

In addition, the act requires the IRS to include in its budget request for FY2015 a long-term plan for upgrading its aging “legacy” computer systems and to submit quarterly reports to the appropriations committees and the Government Accountability Office (GAO) on the costs and schedules for the previous three months and the anticipated costs and schedules for the next three months of several IT projects, including IRS.gov, Returns Remittance Processing, EADS/IPM, Information Returns and Documents Processing, and E-services.

Business Systems Modernization

P.L. 113-76 provides \$312.9 million in appropriations for the BSM program in FY2014, or \$12 million more than the budget request. The increase is intended to allow the IRS to continue to build on the progress it made in the previous two fiscal years with the Customer Account Data Engine 2 and the Modernized e-File projects. There is language in the act that directs the IRS to continue to file quarterly BSM reports with the appropriations committees and the GAO in

FY2014 on the costs and schedules for CADE2 and Modernized e-File in the previous three months and the anticipated costs and schedules for both in the next three months.

Executive Office of the President⁴⁷

The FSGG appropriations bill provides funding for all but three offices under the EOP.⁴⁸ The White House, the Office of Management and Budget, and the Office of National Drug Control Policy are among the EOP offices funded through FSGG appropriations. **Table 4** lists the amounts for FY2013 prior to the sequester, the President's FY2014 request, amounts recommended by the House and Senate FSGG appropriations bills for FY2014, and the level of funding provided through P.L. 113-76.

Table 4. Executive Office of the President Appropriations, FY2013-FY2014

(in millions of dollars)

	FY2013 Pre- Sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
The White House (total)	\$201	\$199	\$175	\$199	\$198
<i>Compensation of the President</i>	0.5	0.5	0.5	0.5	0.5
<i>The White House Office (salaries and expenses)</i>	57	55	50	55	55
<i>Executive Residence, White House (operating expenses)</i>	13	13	12	13	13
<i>White House Repair and Restoration</i>	0.8	0.8	0.8	0.8	0.8
<i>Council of Economic Advisers</i>	4	4	4	4	4
<i>National Security Council and Homeland Security Council</i>	13	13	10	13	13
<i>Office of Administration</i>	113	113	98	113	113
Office of Management and Budget	89	93	79	93	89
Federal Drug Control Programs (total)	368	311	361	367	367
<i>Office of National Drug Control Policy (net of rescissions)</i>	24	23	22	23	23
<i>High Intensity Drug Trafficking Areas Program</i>	238	193	238	238	239
<i>Other Federal Drug Control Programs</i>	106	95	100	106	105
Unanticipated Needs	1	1	0	1	0.8

⁴⁷ This section authored by Barbara L. Schwemle.

⁴⁸ Of the three exceptions, the Council on Environmental Quality and the Office of Environmental Quality are funded in the House and Senate Interior, Environment, and Related Agencies Appropriations Act. The Office of Science and Technology Policy and the Office of the United States Trade Representative are funded in the House and Senate Commerce, Justice, Science, and Related Agencies Appropriations Act.

	FY2013 Pre- Sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Information Technology Oversight and Reform	5	0	5	8	8
Data-driven Innovation	0	14	0	6	2
Special Assistance to the President (salaries and expenses)	4	4	4	4	4
Official Residence of the Vice President (operating expenses)	0.3	0.3	0.3	0.3	0.3
Total: EOP and Funds Appropriated to the President	\$669	\$623	\$625	\$679	\$670

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; and S.Rept. 113-80.

Notes: All figures are rounded, and columns may not equal the total due to rounding. "Pre-sequester FY2013" figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6). The Information Technology Oversight and Reform account is labeled as Integrated, Efficient and Effective Uses of Information Technology in S. 1371.

For FY2014 (as in FY2012 and FY2013), the House Appropriations Committee did not include the funding for the President's salary in Title II of the FSGG bill, as it had in previous years and as it appears in the Senate bill. Instead funding for this account appeared in Section 626 of H.R. 2786 (FY2014). P.L. 113-76 included the funding for this account in Section 624. In this report, the funding is included in Title II to be consistent with prior year calculations.

The President's Budget Request and Key Issues

The Administration's FY2014 budget requested an appropriation (discretionary funds) of \$623.5 million for the EOP and funds appropriated to the President.

The justification that accompanied the EOP's budget submission noted that the increase requested for the Office of Administration would, among other items, fund salaries and benefits resulting from "the conversion of ten contractors to full-time Government staff," the monthly transit subsidy, and equipment.⁴⁹

According to the justification, the requested increase for the Office of Management and Budget would allow the agency to maintain a staffing level of 506 FTE in FY2014 (+\$3.3 million), fund anticipated cost increases in GSA rental payments (+\$174,000) and information technology contractor support (+\$363,000), and allow the agency to implement a Senior Executive Service Candidate Development Program (+\$550,000).⁵⁰ In addition, according to the justification, the reductions in requested appropriations resulted from "the Administration's commitment to identify and demonstrate real spending reductions."

The President's budget request proposed an administrative provision for the EOP and funds appropriated to the President at Section 201 that would continue to authorize the OMB Director (or other official designated by the President) to transfer up to 10% of appropriations between the White House, Executive Residence at the White House, White House Repair and Restoration, Council of Economic Advisers, National Security Council and Homeland Security Council,

⁴⁹ U.S. Executive Office of the President, *Fiscal Year 2014 Congressional Budget Submission* (Washington: April 2013), p. OA-4.

⁵⁰ U.S. Executive Office of the President, *Fiscal Year 2014 Congressional Budget Submission*, p. OMB-5.

Office of Administration, Special Assistance to the President, and Official Residence of the Vice President accounts, provided the House and Senate Committees on Appropriations are notified at least 15 days in advance. An appropriation could not be increased by more than 50% by such transfers. The Vice President would approve transfers from the Special Assistance to the President or Official Residence of the Vice President accounts.⁵¹

Federal Drug Control Programs

For the accounts under the Federal Drug Control Programs account, the President's FY2014 budget requested a total appropriation of \$311.4 million.

The FY2014 budget justification stated that the Office of National Drug Control Policy (ONDCP) funding would enable the agency "to continue to pursue" the National Drug Control Strategy's "goals of reducing drug use and its consequences and ensuring improvements in fostering healthier individuals and safe communities by sustaining and building upon significant accomplishments." The requested reduction in the High Intensity Drug Trafficking Areas Program (HIDTAP) appropriation would occur in the grants to state, local, and tribal agencies, and transfers to federal agencies participating in the 28 High Intensity Drug Trafficking Areas. The Other Federal Drug Control Programs appropriation were allocated to the Drug Free Communities Program (\$85.7 million), anti-doping activities (\$7.8 million), and World Anti-Doping Agency membership dues (\$1.9 million).⁵²

House Measure (H.R. 2786)

H.R. 2786 as reported by the House Committee on Appropriations would have provided an appropriation of \$624.4 million for the EOP, which was \$927,000 (+0.15%) more than the President's request for FY2014. The House report stated the committee's belief "that the chief executive of any organization experiencing a fiscal crisis should share in the funding sacrifice along with the rest of the organization" and noted that the FY2014 appropriations for the White House, the Executive Residence, the Council of Economic Advisors, the National Security and Homeland Security Councils, the Office of Administration, the Office of Management and Budget, the Special Assistant to the President, and the Official Residence of the Vice President were 15% less than the FY2010 level.⁵³

The appropriations for each of the EOP accounts, as recommended in the House bill, were as follows:

- The White House Office: \$50.3 million; \$4.8 million (-8.8%) less than the President's request. The House committee report stated that this amount includes "sufficient funds" for the Office of National AIDS Policy.
- Executive Residence, White House: \$11.8 million; \$1 million (-7.9%) less than the President's request.
- White House Repair and Restoration: \$750,000; the same as the President's request.
- Council of Economic Advisers: \$3.6 million; \$622,000 (-14.8%) less than the President's request.

⁵¹ *Appendix, Budget of the United States, FY2014*, p. 1127.

⁵² U.S. Executive Office of the President, Fiscal Year 2014 *Congressional Budget Submission Executive Office of the President Office of National Drug Control Policy* (Washington: April 2013), pp. 12, 46, 31, and 36-37.

⁵³ H.Rept. 113-172, pp. 23-24.

- National Security Council and Homeland Security Council: \$10.4 million; \$2.2 million (-17.6%) less than the President's request.
- Office of Administration: \$98 million; \$15.1 million (-13.4%) less than the President's request. Of the total, up to \$12 million would remain available until expended for continued modernization of the information technology infrastructure within the EOP. The office was directed to report annually to the House Committee on Appropriations, at the same time that the President's budget is submitted, on progress on modernization of information technology, including the amounts obligated and expended and for what purposes, specific milestones achieved, and requirements and specific plans for further investment.
- Office of Management and Budget: \$79 million; \$14.5 million (-15.5%) less than the President's request.

The House committee report included guidance and directives for OMB, as follows.⁵⁴

The report stated that the committee "provides sufficient funds for OMB to consult with and provide Congressional committees with an appropriate number of printed and electronic copies" of the FY2015 budget, including the Appendix, Historical Tables and Analytical Perspectives volumes. The committee report indicated that "in non-transition years, the Administration should be held to the statutory deadline for submission of the budget request" and limited the level of funding available to OMB until the budget request is submitted.

Stating that OMB "should work toward presenting its budget request and financial plans in a manner that allocates all OMB obligations by office or activity," the House committee directed OMB to provide the House and Senate Appropriations Committees with quarterly reports on obligations by object class and full-time equivalents (FTE) by office. The reports were to display actual and estimated obligations and FTE, to date and for the remainder of the fiscal year, and contain obligation information regarding the operations of the core budgeting system.

The report stated the committee's expectation that OMB would ensure the long term effectiveness of the Office of the Intellectual Property Enforcement Coordinator (IPEC) by hiring permanent senior staff and directed OMB to report to the committee within 120 days of the act's enactment on the IPEC budget, including the number of permanent FTEs.

According to the report, the committee was "concerned that Federal agencies purchasing online advertisements may unwittingly have advertisements appear on websites operated by those engaged in criminal activity, including sites proliferating malware, or engaged in identity theft, theft of intellectual property or counterfeiting." The committee believed that OMB should review the issue and provide any necessary guidance to executive branch agencies, and directed OMB to report to the committee on its progress within 180 days of the act's enactment.

OMB was directed to report to the committee, within 120 days after the act's enactment, on agency compliance with OMB Memorandum M-12-12 on reducing travel expenses and conference spending. The report was to identify each agency's savings, whether the 30% savings goal was achieved, the impact of changes in travel and conference policies on the ability of agencies to perform mission critical activities, and recommendations to improve OMB's policies on travel.

The report stated that the committee believed that OMB should "provide guidance to agencies on transaction-based and no-cost funding models, including when it is appropriate to consider using these contract tools, how to calculate potential savings from their use, and standards and best

⁵⁴ H.Rept. 113-172., pp. 26-28.

practices for conducting their procurement.” OMB was directed to report within 90 days after the act’s enactment on the use of such models for procuring information technology goods and services. The report was to include “information on (a) transaction-based or no-cost funding model use by agencies; (b) quantifiable costs savings and cost avoidance through their use; (c) plans to continue or expand their future use; and (d) the status of the issuance of guidance to agencies regarding their use.”

The committee encouraged OMB and federal agencies to use successful business management techniques, including continuous process improvement methods, to assist in meeting performance goals and reducing wasteful spending.

- Unanticipated Needs: No funding for FY2014; \$1 million (-100%) less than the President’s request.
- Information Technology Oversight and Reform: \$5.0 million;⁵⁵ the OMB Director would have the authority to transfer the funds to one or more agencies to carry out projects and would submit quarterly reports, not later than 30 days after the end of each quarter, to the House and Senate Committees on Appropriations identifying the savings achieved by the government-wide information technology reform efforts by fiscal year, agency, and appropriation.
- Special Assistance to the President: \$3.9 million; \$415,000 (-9.6%) less than the President’s request.
- Official Residence of the Vice President: \$281,000; \$26,000 (-8.5%) less than the President’s request.

H.R. 2786 as reported would have funded the federal drug control accounts at the following levels:

- ONDCP: \$22.5 million; \$147,000 (-0.6%) less than the President’s request. The agency was expected “to focus resources on the counter-drug policy development, coordination and evaluation functions which are the primary mission of the Office and the original reason for its existence.”
- HIDTAP: \$238.5 million; \$45.1 million (+23.3%) more than the President’s request. Not less than 51% of the funds would have been transferred to state and local entities for drug control activities and would have been obligated within 120 days after the act’s enactment. Up to 49% of the funds could have been transferred to federal agencies and departments as determined by the ONDCP Director, of which up to \$2.7 million could have been used for auditing services and associated activities (including up to \$500,000 for the continued operation and maintenance of the Performance Management System). The ONDCP Director would have notified the House and Senate Committees on Appropriations of the initial allocation of FY2014 funding among HIDTAs within 45 days after the act’s enactment and of planned uses of discretionary HIDTA funding, determined in consultation with the HIDTA Directors, within 90 days after the act’s enactment.
- OFDCP: \$100.5 million; \$5.1 million (+5.4%) more than the President’s request. The appropriation would have been allocated as follows: \$88 million for the Drug-Free Communities Program, \$1.1 million for drug court training and technical assistance, \$8.5 million for anti-doping activities, \$1.9 million for U.S.

⁵⁵ The President’s budget requested an appropriation of \$14 million for similar activities under the heading Data-driven Innovation.

membership dues to the World Anti-Doping Agency, and \$1.0 million for competitive discretionary grants to states to assist in implementing effective drug laws.

Section 626(a)(1) of H.R. 2786 as reported would have provided the mandatory appropriation for the compensation of the President (\$450,000, including \$50,000 for expenses). According to the House Committee on Appropriations report, this is an account “where authorizing language requires the payment of funds.”⁵⁶

The House bill as reported included the following EOP administrative provisions:

- Section 201 would have continued to authorize the OMB Director (or other official designated by the President) to transfer up to 10% of appropriations between the White House, Executive Residence at the White House, White House Repair and Restoration, Council of Economic Advisers, National Security Council and Homeland Security Council, Office of Administration, Special Assistance to the President, and Official Residence of the Vice President accounts, provided the House and Senate Committees on Appropriations are notified at least 15 days in advance. An appropriation could not have been increased by more than 50% by such transfers. The Vice President would have approved transfers from the Special Assistance to the President or Official Residence of the Vice President accounts.
- Section 202 would have required the OMB Director to report to the House and Senate Committees on Appropriations, within 90 days after the act’s enactment, on the costs of implementing the Dodd-Frank Act. The report would have included the estimated mandatory and discretionary obligations of funds through FY2018, by federal agency and by fiscal year, including (1) the estimated obligations by cost inputs such as rent, information technology, contracts, and personnel; the methodology and data sources used to calculate such estimated obligations; and the specific section of such act that requires the obligation of funds; and (2) the estimated receipts through FY2018 from assessments, user fees, and other fees by the federal agency making the collections, by fiscal year, including the methodology and data sources used to calculate such estimated collections; and the specific section of such act that authorizes the collection of funds.
- Section 203 would have prohibited the use of funds to pay the salaries and expenses of any EOP officer or employee to prepare, sign, or approve statements abrogating legislation passed by the House of Representatives and the Senate and signed by the President.
- Section 204 would have prohibited the use of funds to pay the salaries and expenses of any EOP officer or employee to prepare or implement an executive order that contravenes existing law.

Section 610 of H.R. 2786 as reported would have continued the provision that would have prohibited the EOP from using funds to request an FBI official background investigation report on any individual except with the express written consent of the individual involved, within six months prior to the date of such request and during the same presidential administration, or when required because of extraordinary circumstances involving national security. Section 622 of the House bill would have prohibited the use of funds to pay the salaries and expenses for the

⁵⁶ H.Rept. 113-172, p. 121.

Director of the White House Office of Health Reform, the Assistant to the President for Energy and Climate Change, the Senior Advisor to the Secretary of the Treasury assigned to the Presidential Task Force on the Auto Industry and Senior Counselor for Manufacturing Policy, and the White House Director of Urban Affairs, or any substantially similar positions.

Senate Measure (S. 1371)

S. 1371 as reported by the Senate Committee on Appropriations would have provided an appropriation of \$679.1 million for the EOP, \$55.6 million (+8.9%) more than the President's request.

The appropriations for each of the EOP accounts, as recommended by the Senate bill, were as follows:

- The White House Office: \$55.1 million; the same as the President's request. The Senate committee report directed the EOP "to allocate sufficient resources to continue the robust operation of the Office of National AIDS Policy" and "the administration to continue to coordinate a Government-wide effort to continue to coordinate a government-wide effort to achieve the goals of the National HIV/AIDS strategy."⁵⁷
- Executive Residence, White House: \$12.8 million; the same as the President's request.
- White House Repair and Restoration: \$750,000; the same as the President's request.
- Council of Economic Advisers: almost \$4.2 million; the same as the President's request.
- National Security Council and Homeland Security Council: \$12.6 million; the same as the President's request.
- Office of Administration: \$113.1 million; the same as the President's request. Of the total, \$12 million would have remained available until expended for continued modernization of the information technology infrastructure within the EOP. According to the Senate report, the continuation of this initiative "will refresh the aging information technology infrastructure, strengthen disaster recovery and information security capabilities, and transition the EOP's communications architecture to integrate mobile devices while complying with security and records management requirements." The office was directed "to place a top priority on the implementation of comprehensive policies and procedures for the preservation of all records, including electronic records such as emails, videos, and social networking communication, consistent with" laws, including the Presidential Records Act and the Federal Records Act. The office was to work closely with the National Archives and Records Administration, and fully apprise the committee of funding needed to preserve and retain records.⁵⁸
- Office of Management and Budget: \$93.4 million; the same as the President's request.

⁵⁷ S.Rept. 113-80, p. 39.

⁵⁸ S.Rept. 113-80, p. 41.

The Senate committee report included guidance and directives for OMB, as follows.⁵⁹

OMB was directed to “allocate increased funds toward restoring non-politically appointed civil service staffing levels, including for the Office of Federal Procurement Policy and the Office of Information and Regulatory Affairs,” and to use the additional resources to respond to requests from Congress “in a timely and complete manner” and, particularly, those “related to program funding and operations.”

As in the House committee report, the Senate report stated that the committee believed that OMB should “provide guidance to agencies on transaction-based and no-cost funding models, including when it is appropriate to consider using these contract tools, how to calculate potential savings from their use, and standards and best practices for conducting their procurement.” OMB was directed to report within 90 days after the act’s enactment on the use of such models for procuring information technology goods and services. The report was to include “information on (a) transaction-based or no-cost funding model use by agencies; (b) quantifiable costs savings and cost avoidance through their use; (c) plans to continue or expand their future use; and (d) the status of the issuance of guidance to agencies regarding their use.”

The committee directed OMB to continue making enhancements to the federal government’s core budgeting system, within current resources, and to notify the committee of any cost-effective opportunities for further improvements.

In conjunction with the work of the Chemical Government Coordinating Council and the Chemical Sector Coordination Council, OMB was directed to conduct a comprehensive review of the regulatory regime related to chemical security and then report the findings to the committee within 180 days after the act’s enactment. The report was to (1) identify regulatory gaps that may pose an unacceptable security risk, (2) evaluate the effectiveness of strategies for closing such gaps, (3) identify existing redundancies between current regulatory regimes, and (4) evaluate strategies for eliminating such redundancies. In addition, the report was to describe the coordination by federal entities with responsibilities for chemical security and how coordination can be improved, including through formal agreements.

OMB was directed “to coordinate with the Recovery Accountability and Transparency Board to publish information on its Web site” on the status of funding provided under P.L. 113-2, “including commitments, obligations, unobligated balances, and expenditures” within 60 days after the Hurricane Sandy Rebuilding Task Force terminates, and, thereafter, in quarterly updates.

The agency was directed to submit a report within 90 days after the act’s enactment “on the feasibility of producing an analysis of current levels of spending on children and children’s programs, including a detailed breakdown by agency, department, and initiative.”

The committee report noted that, although OMB required agencies to submit the first draft of their strategic plans, as required by the Government Performance and Results Modernization Act (GPRMA), by June 3, 2013, few of the required agency consultations with the committee staff had taken place. Agency representatives were directed to “promptly contact” the staff to schedule the consultations and OMB was requested to facilitate the discussions as necessary.

- Unanticipated Needs: \$1.0 million; the same as the President’s request.
- Integrated, Efficient and Effective Uses of Information Technology⁶⁰: \$8.0 million. The Senate report reminded the Administration to regularly apprise the committee “of how Government-wide IT reform efforts affect agency-specific

⁵⁹ S.Rept. 113-80, pp. 42-43.

⁶⁰ H.R. 2786 as reported labels this account as Information Technology Oversight and Reform.

projects and missions on a case-by-case basis,” and to immediately notify the committee of changes in agency spending plans for IT projects. The report directed that “IT reform initiatives shall not be a substitute for the Committee’s routine consideration of agency needs” under the budget process.⁶¹

- Data-driven Innovation: \$6 million; \$8 million (-57.1%) less than the President’s request for this new initiative. The Senate report stated that the committee did not adopt the President’s proposal to fund the information technology management program under the Data-driven Innovation account and instead recommended funding for that program under the Integrated, Efficient and Effective Uses of Information Technology account. The committee expected to be regularly apprised of how efforts under the program affect agency- and program-specific projects and missions, on a case-by-case basis and expected the EOP to demonstrate how all changes comply with current law and to notify the committee and relevant authorizing committees regarding any projects or reforms that will affect program designs, operations, and outcomes. The program was not to be a substitute for the committee’s consideration of agency needs or evaluation of program operations under the regular budget and oversight process. The EOP was directed to immediately notify the committee of any change in an agency spending plan resulting from the program.⁶²
- Special Assistance to the President: \$4.3 million; the same as the President’s request.
- Official Residence of the Vice President: \$307,000; the same as the President’s request.

S. 1371 as reported would have funded the federal drug control accounts at the following levels:

- ONDCP: \$23.0 million; \$353,000 (+1.6%) more than the President’s request. Policy research was not funded.
- HIDTAP: \$238.5 million; \$45.1 million (+23.3%) more than the President’s request. The office was directed to provide funding for the existing HIDTAs at not less than the FY2013 level and to consult with the HIDTAs prior to allocating funds. Of the total, up to \$2.7 million could have been used for auditing services and associated activities. HIDTA funds were to be expeditiously transferred to the appropriate drug control agencies and are to be withheld from a state “until such time as a State or locality has met its financial obligation.”⁶³
- OFDCP: \$105.6 million; \$10.2 million (+10.7%) more than the President’s request. The appropriation would have been allocated as follows: \$92.0 million for the Drug-Free Communities Support Program (DFCSP), including \$2.0 million for National Community Anti-Drug Coalition training; \$9.0 million for anti-doping activities; \$1.9 million for the United States membership dues to the World Anti-Doping Agency; \$1.2 million for activities related to model State drug laws; and \$1.4 million for drug court training and technical assistance.

Administrative provisions under the appropriation for the EOP and funds appropriated to the President included in S. 1371 as reported were the following:

⁶¹ S.Rept. 113-80, p. 48.

⁶² S.Rept. 113-80, pp. 46-47.

⁶³ S.Rept. 113-80, p. 45.

- Section 201 would have continued to authorize the OMB Director (or other official designated by the President) to transfer up to 10% of appropriations between the White House, Executive Residence at the White House, White House Repair and Restoration, Council of Economic Advisers, National Security Council and Homeland Security Council, Office of Administration, Special Assistance to the President, and Official Residence of the Vice President accounts, after the House and Senate Committees on Appropriations were notified at least 15 days in advance. An appropriation could not have been increased by more than 50% by such transfers. The Vice President would have approved transfers from the Special Assistance to the President or Official Residence of the Vice President accounts.
- Section 202 would have required the ONDCP Director to submit to the House and Senate Appropriations Committees, within 60 days after the act's enactment, and prior to initially obligating more than 20% of the ONDCP funds, "a detailed narrative and financial plan on the proposed uses of all funds under the account by program, project, and activity." The reports must have been updated every six months and include any changes in the estimates and assumptions of the previous reports. New projects and changes in the funding for ongoing projects would have required advance approval by the committees.
- Section 203 would have provided that up to 2% of ONDCP appropriations could have been transferred between appropriated programs within ONDCP with advance approval by the House and Senate Appropriations Committees, but such transfer could not have increased or decreased an appropriation by more than 3%.
- Section 204 would have provided that up to \$1.0 million of ONDCP appropriations could have been reprogrammed within a program, project, or activity with advance approval by the House and Senate Appropriations Committees.

S. 1371 as reported would have continued the provision at Section 610 that would have prohibited the EOP from using funds to request an FBI official background investigation report on any individual except with the express written consent of the individual involved, within six months prior to the date of such request and during the same presidential administration, or when required because of extraordinary circumstances involving national security.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 provides an appropriation of \$670 million for the EOP, \$46.3 million (+7.4%) more than the President's request.

The appropriations for each of the EOP accounts are as follows:

- The White House Office: \$55 million; \$110,000 less than the President's request. The appropriation includes necessary expenses for the Office of Policy Development.
- Executive Residence, White House: \$12.7 million; \$68,000 less than the President's request.
- White House Repair and Restoration: \$750,000; the same as the President's request.
- Council of Economic Advisers: almost \$4.2 million; \$8,000 less than the President's request.

- National Security Council and Homeland Security Council: \$12.6 million; \$21,000 less than the President's request.
- Office of Administration: \$112.7 million; \$409,000 less than the President's request. Of the total, up to \$12 million is to remain available until expended for continued modernization of the information technology infrastructure within the EOP.
- Office of Management and Budget: \$89.3 million; \$4.1 million less than the President's request.

The explanatory statement that accompanied the Consolidated Appropriations Act, 2014 included the following guidance and directives related to OMB functions:

Agency staffing decisions are to be based on agency workload and the level of funding rather than pre-determined reductions. Decisions to backfill vacant positions are to be based on the number of staff with the combination of skills and qualifications necessary to carry out the agency's mission within available funding levels. Within 60 days of the act's enactment, the OMB Director must report to the House and Senate Appropriations Committees on any agencies that are not following these policies.

Each agency head, in consultation with GAO, was directed to link the agency's performance plan and priority performance goals to funding requests in the President's annual budget. Performance measures in future budget justifications are to clearly demonstrate the extent to which performance reporting demonstrates that prior year investments in programs, projects, and activities are tied to progress toward achieving the goals and include estimates on how proposed investments will contribute to additional progress. The performance measures are to examine outcome, output, efficiency, and customer service measures.

The OMB was directed to issue guidance on the use of direct conversions to contract out, in whole or in part, activities or functions last performed by federal employees and to submit quarterly reports to the House and Senate Appropriations committee on on-board staffing levels, estimated staffing levels by office for the remainder of the fiscal year, total obligations incurred to date, and estimated total obligations for the remainder of the fiscal year.⁶⁴

- Special Assistance to the President: \$4.3 million; \$9,000 less than the President's request.
- Official Residence of the Vice President: \$305,000; \$2,000 less than the President's request.
- Unanticipated Needs: \$800,000; \$200,000 less than the President's request.
- Information Technology Oversight and Reform: \$8.0 million; 100% more than the President's request. The OMB Director may transfer these funds to one or more other agencies to carry out projects and is to submit quarterly reports within 45 days after the end of each quarter to the House and Senate Appropriations Committees and the GAO identifying the savings achieved by OMB's government-wide information technology reform efforts. The savings are to be identified by fiscal year, agency, and appropriation. The explanatory statement that accompanied the Consolidated Appropriations Act directed OMB to submit a report to the House and Senate Appropriations Committees within 180 days after the act's enactment on improving the oversight processes for the development of

⁶⁴ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H904.

information technology systems. The report is to discuss steps for improving the accuracy of information reported in the IT dashboard.⁶⁵

- Data-driven Innovation: \$2 million; \$12 million (-85.7%) less than the President's request for this new initiative. The OMB Director is to transfer these funds to one or more other agencies to carry out projects and to conduct or provide for evaluation of such projects. The director is to submit a progress report to the House and Senate Appropriations Committees and the GAO by March 31, 2014 and semiannually thereafter until the program is completed. The report is to include detailed information on goals, objectives, performance measures, and evaluations for the program in general and for each specific project.

P.L. 113-76 funds the federal drug control accounts at the following levels:

- ONDCP: \$22.8 million; \$103,000 (+0.5%) more than the President's request. The office was authorized to accept, hold, administer, and utilize gifts, both real and personal, public and private, without fiscal year limitation, for the purpose of aiding or facilitating its work. The Caribbean Border Counternarcotic Strategy is to be available within 120 days of the act's enactment.
- HIDTAP: \$238.5 million; \$45.1 million (+23.3%) more than the President's request. Of the total, up to \$2.7 million could be used for auditing services and associated activities.
- OFDCP: \$105.4 million; \$10 million (+10.5%) more than the President's request. The appropriation is to be allocated as follows: \$92.0 million for the Drug-Free Communities Support Program (DFCSP), including \$2.0 million for National Community Anti-Drug Coalition training; almost \$9.0 million for anti-doping activities; \$1.9 million for the United States membership dues to the World Anti-Doping Agency; \$1.2 million for activities related to model state drug laws; and \$1.4 million for drug court training and technical assistance.

Administrative provisions under the appropriation for the EOP and funds appropriated to the President in P.L. 113-76 include the following:

- Section 201 continues to authorize the OMB Director (or other official designated by the President) to transfer up to 10% of appropriations between the White House, Executive Residence at the White House, White House Repair and Restoration, Council of Economic Advisers, National Security Council and Homeland Security Council, Office of Administration, Special Assistance to the President, and Official Residence of the Vice President accounts, after the House and Senate Committees on Appropriations are notified at least 15 days in advance. An appropriation cannot be increased by more than 50% by such transfers. The Vice President will approve transfers from the Special Assistance to the President or Official Residence of the Vice President accounts.
- Section 202 requires the OMB Director to report to the House and Senate Committees on Appropriations, within 90 days after the act's enactment, on the costs of implementing the Dodd-Frank Act. The report is to include the estimated mandatory and discretionary obligations of funds through FY2016, by federal agency and by fiscal year, including (1) the estimated obligations by cost inputs such as rent, information technology, contracts, and personnel; the methodology

⁶⁵ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H905.

and data sources used to calculate such estimated obligations; and the specific section of such act that requires the obligation of funds; and (2) the estimated receipts through FY2016 from assessments, user fees, and other fees by the federal agency making the collections, by fiscal year, including the methodology and data sources used to calculate such estimated collections; and the specific section of such act that authorizes the collection of funds.

- Section 203 requires the ONDCP Director to submit to the House and Senate Appropriations Committees, within 60 days after the act's enactment, and prior to initially obligating more than 20% of the ONDCP funds, "a detailed narrative and financial plan on the proposed uses of all funds under the account by program, project, and activity." The reports must be updated every six months and include any changes in the estimates and assumptions of the previous reports. New projects and changes in the funding for ongoing projects will require advance approval by the committees.
- Section 204 provides that up to 2% of ONDCP appropriations may be transferred between appropriated programs within ONDCP with advance approval by the Senate and House Committees on Appropriations, but such transfer may not increase or decrease an appropriation by more than 3%.
- Section 205 provides that up to \$1.0 million of ONDCP appropriations may be reprogrammed within a program, project, or activity with advance approval by the House and Senate Appropriations Committees.

Section 610 of P.L. 113-76 prohibits the EOP from using funds to request an FBI official background investigation report on any individual except with the express written consent of the individual involved, within six months prior to the date of such request and during the same presidential administration, or when required because of extraordinary circumstances involving national security. Section 621 of the law prohibits the use of funds to pay the salaries and expenses for the Director of the White House Office of Health Reform, the Assistant to the President for Energy and Climate Change, the Senior Advisor to the Secretary of the Treasury assigned to the Presidential Task Force on the Auto Industry and Senior Counselor for Manufacturing Policy, and the White House Director of Urban Affairs, or any substantially similar positions.

The Judiciary⁶⁶

As a co-equal branch of government, the judiciary presents its budget to the President, who transmits it to Congress unaltered. The FY2014 judiciary budget request totaled \$7.22 billion. **Table 5** lists the pre-sequester amounts for FY2013, the President's FY2014 request, amounts recommended by the House and Senate Appropriations Committees for FY2014, and enacted amounts for FY2014.

⁶⁶ This section authored by Matthew Glassman.

Table 5. The Judiciary Appropriations, FY2013-FY2014

(in millions of dollars)

	FY2013 Pre- sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Supreme Court (total)	\$83	\$86.5	\$86	\$86	\$86
<i>Salaries and Expenses</i>	75	74.8	74	75	75
<i>Building and Grounds</i>	8	11.6	12	11	11
U.S. Court of Appeals for the Federal Circuit	32	33.4	31	33	32
U.S. Court of International Trade	21	22.0	20	21	21
Courts of Appeals, District Courts, and Other Judicial Services (total)	6,609	6,822.9	6,644	6,768	6,649
<i>Salaries and Expenses</i>	5,016	5,170.2	4,999	5,089	5,047
<i>Defender Services</i>	1,038	1,068.6	1,065	1,098	1,044
<i>Fees of Jurors and Commissioners</i>	52	54.4	54	55	54
<i>Court Security</i>	499	524.3	520	520	498
<i>Vaccine Injury Trust Fund</i>	5	5.3	5	5	5
Administrative Office of the U.S. Courts	83	85.4	80	84	81
Federal Judicial Center	27	27.7	26	26	26
United States Sentencing Commission	16	17.0	16	17	16
Judicial Retirement Funds	125	127	127	127	127
Total: The Judiciary	\$6,998	\$7,222	\$7,029	\$7,162	7,039

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; and S.Rept. 113-80.**Notes:** All figures are rounded, and columns may not equal the total due to rounding. "Pre-sequester FY2013" figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

The Judiciary Budget and Key Issues

Appropriations for the judiciary comprise approximately 0.2% of total budget authority.⁶⁷

Two accounts that fund the Supreme Court (the salaries and expenses of the Court and the expenditures for the care of its building and grounds, which are the responsibility of the Architect of the Capitol) together total approximately 1% of the total judiciary budget. The rest of the judiciary's budget provides funding for the "lower" federal courts and related judicial services.

⁶⁷ Calculations by CRS with data from *Historical Tables, Budget of the United States Government, FY2014*, Table 5.2—Budget Authority By Agency: 1976–2018; available at <http://www.whitehouse.gov/omb/budget/Historicals>.

The largest account, approximately 72% of the total FY2014 enacted level, is the Salaries and Expenses account for the U.S. Courts of Appeals, District Courts, and Other Judicial Services. This covers the “salaries of circuit and district judges (including judges of the territorial courts of the United States), justices and judges retired from office or from regular active service, judges of the U.S. Court of Federal Claims, bankruptcy judges, magistrate judges, and all other officers and employees of the federal judiciary not otherwise specifically provided for,” and “necessary expenses of the courts.” Two other large accounts provide funds for Defender Services (14.8%) and Court Security (7.1%).

The remaining judiciary budget is divided among the: U.S. Court of Appeals for the Federal Circuit (0.5% in FY2014 enacted), U.S. Court of International Trade (0.3%), Fees of Jurors and Commissioners (0.8%), Administrative Office of the U.S. Courts (1.2%), Federal Judicial Center (0.4%), U.S. Sentencing Commission (0.2%), and Judicial Retirement Funds (1.8%).

Three “special courts” in the U.S. court system are not funded under the judiciary budget: the U.S. Court of Appeals for the Armed Forces (funded in the Department of Defense appropriations bill), the U.S. Court of Appeals for Veterans Claims (funded in the Military Construction, Veterans Affairs, and Related Agencies appropriations bill), and the U.S. Tax Court (funded under Independent Agencies, Title V, of the FSGG bill). Federal courthouse construction is funded within the General Services account under Independent Agencies, Title V, of the FSGG bill.

The judiciary uses non-appropriated funds to offset its appropriations requirement. The majority of these non-appropriated funds are from fee collections, primarily from court filing fees. These monies are used to offset expenses within the Salaries and Expenses account of Courts of Appeals, District Courts, and Other Judicial Services. Some of these funds may be carried forward from one year to the next. These funds are considered “unencumbered” because they result from savings from the judiciary’s financial plan in areas where budgeted costs did not materialize. According to the judiciary, such savings are usually not under its control (e.g., the judiciary has no control over the confirmation rate of Article III judges and must make its best estimate on the needed funds to budget for judgeships, rent costs based on delivery dates, and technology funding for certain programs).

The judiciary also has “encumbered” funds—no-year authority funds appropriated for specific purposes. These are used when planned expenses are delayed, from one year to the next (e.g., costs associated with space delivery, and certain technology needs and projects).

At a March 20, 2013, House hearing, Judge Julia S. Gibbons, chair of the Budget Committee of the Judicial Conference of the United States,⁶⁸ addressed funding constraints and efforts to cut costs.⁶⁹ She also discussed the potential impact of a sequester pursuant to the Budget Control Act, workload projections, and staffing formulas. According to Judge Gibbons, the courts have downsized by nearly 1,800 employees since July 2011 and that “cuts below the 2012 level—even cuts less severe than sequestration ... [would] result in forced downsizings, delays in processing cases, and a reduction in the supervision of felons on post-conviction release in the community.”⁷⁰

⁶⁸ The Judicial Conference of the United States is the principal policymaking body for the federal courts system. The Chief Justice is the presiding officer of the conference, which comprises the chief judges of the 13 courts of appeals, a district judge from each of the 12 geographic circuits, and the chief judge of the Court of International Trade.

⁶⁹ Testimony of Honorable Julia S. Gibbons, Chair, Committee on the Budget of the Judicial Conference of the United States, in U.S. Congress, House Committee on Appropriations, Subcommittee on Financial Services and General Government, *Oversight Hearing - The Judiciary*, 113th Cong., 1st sess., March 20, 2013.

⁷⁰ *Ibid.*, p. 3.

Judicial Security⁷¹

The safe conduct of court proceedings and the security of judges in courtrooms and off-site has been a concern in recent years. Efforts to improve judicial security been spurred by the Chicago murders of family members of a federal judge; the Atlanta killings of a state judge, a court reporter, and a sheriff's deputy at a courthouse in 2005; the sniper shooting of a state judge in his Reno office in 2006; and the wounding of a deputy U.S. marshal and killing of a court security officer at the Lloyd D. George U.S. Courthouse and Federal Building in Las Vegas in 2010.⁷² An FY2005 supplemental appropriations act⁷³ included a provision that provided intrusion detection systems for judges in their homes, and the Court Security Improvement Act of 2007⁷⁴ aimed to enhance security for judges and court personnel as well as courtroom safety for the public.

The judiciary has been working closely with the U.S. Marshals Service (USMS) to ensure that adequate protective policies, procedures, and practices are in place. The FY2014 appropriation continues a pilot program for the USMS to assume responsibility for perimeter security at selected courthouses that were previously the responsibility of the Federal Protective Service (FPS). This pilot was first authorized in FY2009 as a result of the judiciary's stated concerns that FPS was not providing adequate perimeter security. After the initial planning phase, USMS implemented the pilot program on January 5, 2009, and assumed primary responsibility for security functions at seven courthouses located in Chicago, Detroit, Phoenix, New York, Tucson, and Baton Rouge (location of two of the seven courthouses). The judiciary and USMS have been evaluating the program and identifying areas for improvement. The judiciary reimburses USMS for the protective services.

Supreme Court

The total FY2014 request for the Supreme Court, \$86.5 million, was contained in two accounts: (1) Salaries and Expenses of \$74.8 million and (2) Care of the Building and Grounds of \$11.6 million.

The House-reported level of \$74.2 million for the Salaries and Expenses account and \$11.6 million for the Care of Building and Grounds account totaled \$85.8 million. The House report indicates that the Care of Building and Grounds funding above the FY2013 level was for façade restoration. The Senate-reported level of \$74.8 million for the Salaries and Expenses account and \$11.2 million for the Care of Building and Grounds account total \$86.0 million. The Senate report requires quarterly reports on the Supreme Court modernization project. P.L. 113-76 provides a total of \$86.2 million.

U.S. Court of Appeals for the Federal Circuit

This court, consisting of 12 judges, has jurisdiction over and reviews, among other things, certain lower court rulings on patents and trademarks, international trade, and federal claims cases. The FY2014 budget request was \$33.4 million. The House-reported bill would have provided \$30.9

⁷¹ For an analysis of court security and federal building security in general, see CRS Report R41138, *Federal Building, Courthouse, and Facility Security*, by Lorraine H. Tong and Shawn Reese.

⁷² Steve Friess, "Two Killed in Las Vegas Courthouse," *The New York Times*, January 4, 2010, available at <http://www.nytimes.com/2010/01/05/us/05vegas.html>.

⁷³ P.L. 109-13.

⁷⁴ P.L. 110-177.

million, and the Senate-reported bill would have provided \$33.3 million. P.L. 113-76 provides \$32.4 million.

U.S. Court of International Trade

This court has exclusive jurisdiction nationwide over civil actions against the United States, its agencies and officers, and certain civil actions brought by the United States arising out of import transactions as well as the administration and enforcement of federal customs and international trade laws.

The FY2014 request was \$22.0 million, while the House-reported level was \$20.4 million, and the Senate-reported level was \$21.4 million. P.L. 113-76 provides \$21.1 million.

Courts of Appeals, District Courts, and Other Judicial Services

The FY2014 funding request of \$6,822.9 million covers 12 of the 13 courts of appeals and 94 district judicial courts located in the 50 states, District of Columbia, Commonwealth of Puerto Rico, Commonwealth of the Northern Mariana Islands, and the territories of Guam and the U.S. Virgin Islands. The House-reported level was \$6,643.8 million, while the Senate-reported level was \$6,768.1 million. P.L. 113-76 provides \$6,648.6 million.

The account is divided among salaries and expenses, the Vaccine Injury Compensation Trust Fund, court security, defender services, and fees of jurors and commissioners.

Salaries and Expenses

The FY2014 request for this account was \$5,170.2 million, while the House-reported level was \$4,999.1 million and the Senate-reported level was \$5,089.2 million. P.L. 113-76 provides \$5,047.5 million.

Vaccine Injury Compensation Trust Fund

Established to address a perceived crisis in vaccine tort liability claims, the Vaccine Injury Compensation Program funds a federal no-fault program that protects the availability of vaccines in the nation by diverting a substantial number of claims from the tort arena. The FY2014 request was \$5.3 million. The House-reported level was \$5.2 million, and the Senate-reported level was \$5.4 million. P.L. 113-76 provides the requested \$5.3 million.

Court Security

This account provides for protective guard services, security systems, and equipment needs in courthouses and other federal facilities to ensure the safety of judicial officers, employees, and visitors. Under this account, the majority of funding for court security is transferred to the U.S. Marshals Service to pay for court security officers under the Judicial Facility Security Program. The FY2014 request was \$524.3 million. The House-reported bill recommended \$520.0 million and the Senate-reported bill recommended \$520.3 million. P.L. 113-76 provides \$497.5 million.

Defender Services

This account funds the operations of the federal public defender and community defender organizations, and compensation, reimbursements, and expenses of private practice panel attorneys appointed by federal courts to serve as defense counsel to indigent individuals. The cost

for this account is driven by the number and type of prosecutions brought by U.S. attorneys. The FY2014 request for these services was \$1,068.6 million, while the House-reported bill recommended 1,065.0 million and the Senate-reported bill recommended \$1,098.5 million. Both the House and Senate report stated that funding was not provided for an increase in the hourly panel attorney rate. The Senate report also contained language related to increased cost containment scrutiny for this account. P.L. 113-76 provides \$1,044.4 million.

Fees of Jurors and Commissioners

This account funds the fees and allowances provided to grand and petit jurors, and compensation for jury and land commissioners. The FY2014 request was \$54.4 million. The House-reported bill provided funding at the requested level, while the Senate-reported bill provided \$54.9 million. P.L. 113-76 provides \$53.9 million. The explanatory statement notes that this level is consistent with the most recent judiciary estimate of the account needs.⁷⁵

Administrative Office of the U.S. Courts

As the central support entity for the judiciary, the AOUSC provides a wide range of administrative, management, program, and information technology services to the U.S. courts. AOUSC also provides support to the Judicial Conference of the United States, and implements conference policies and applicable federal statutes and regulations. The FY2014 request for AOUSC was \$85.4 million, the House-reported bill recommended \$80.0 million, and the Senate-reported bill recommended \$83.6 million. P.L. 113-76 provides \$81.2 million.

Federal Judicial Center

As the judiciary's research and education entity, the Federal Judicial Center undertakes research and evaluation of judicial operations for the Judicial Conference committees and the courts. In addition, the center provides judges, court staff, and others with orientation and continuing education and training. The center's FY2014 request was \$27.7 million, while the House-reported bill provided \$25.8 million and the Senate-reported bill provided \$26.4 million. P.L. 113-76 provides \$26.2 million.

United States Sentencing Commission

The commission promulgates sentencing policies, practices, and guidelines for the federal criminal justice system. The FY2014 request was \$17.0 million while the House-reported bill recommended \$15.8 million and the Senate-reported bill recommended \$16.6 million. P.L. 113-76 provides \$16.2 million.

Judiciary Retirement Funds

This mandatory account provides for three trust funds that finance payments to retired bankruptcy and magistrate judges, retired Court of Federal Claims judges, and the spouses and dependent children of deceased judicial officers. The FY2014 request was for \$126.9 million. Both the House and Senate recommended, and P.L. 113-76 provides, funding at the requested level. The House-reported bill provides for these funds in Title VI (General Provisions) of the FSGG bill,

⁷⁵ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H905.

rather than in Title III (the Judiciary). The Senate-reported bill provided these funds in Title III of the bill.

Administrative Provisions

The House- and Senate-reported FSGG bills each contained new and continuing administrative provision language.

House Bill Language Continued from FY2013

- Section 301 continued language to permit funds for salaries and expenses to be available for employment of experts and consultant services (as authorized by 5 U.S.C. §3109). (The judiciary also requested this section.)
- Section 302 continued language to permit up to 5% of any appropriation made available for FY2013 to be transferred between judiciary appropriations accounts, provided that no appropriation is decreased by more than 5% or increased by more than 10% by any such transfer, except in certain circumstances. In addition, the language provided that any such transfer be treated as a reprogramming of funds under Sections 604 and 608 of the bill and would not be available for obligation or expenditure except in compliance with the procedures set forth in those sections. (The judiciary also requested this section.)
- Section 303 continued language authorizing an amount not to exceed \$11,000 to be used for official reception and representation expenses incurred by the Judicial Conference of the United States. (The judiciary also requested this section.)
- Section 304 continued language to authorize a court security pilot program. (The judiciary also requested this section.)

House Proposed New Bill Language

- Section 305 would extend temporary judgeships.
- Section 306 would require a space management plan for reducing the number of square feet funded by the Court of Appeals, District Courts, and Other Judicial Services, Salaries and Expenses appropriation by FY2016.

Senate Bill Language Continued from FY2013

The Senate committee recommended the House bill language continued from FY2013 listed above, although Section 304 in the House bill is numbered Section 305 in the Senate bill.

Senate Proposed New Bill Language

- Senate Section 304 would grant the judicial branch the same tenant alteration authorities as the executive branch. The Senate included this language in FY2013.
- Senate Section 306 would provide certain contracting authorities to three judicial branch entities.
- Senate Section 307 would extend temporary judgeships.

- Senate Section 308 would authorize six additional district judgeships in response to increased caseloads and would convert two temporary judgeships, in California and Arizona, to permanent status.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 contains provisions related to (1) salaries and expenses for employment of experts and consultant services; (2) transfers of up to 5%; (3) limiting official reception and representation expenses incurred by the Judicial Conference of the United States to \$11,000; (4) language enabling the judiciary to contract for repairs under \$100,000; (5) the continuation of a court security pilot program; (6) certain contracting authority for the three remaining judicial branch entities without them; and (7) a one-year extension of the authorization of temporary judgeships in the eastern district of Missouri, Kansas, Arizona, the central district of California, Hawaii, the northern district of Alabama, the southern district of Florida, New Mexico, and the eastern district of Texas.

District of Columbia⁷⁶

The authority for congressional review and approval of the District of Columbia's budget is derived from the Constitution and the District of Columbia Self-Government and Government Reorganization Act of 1973 (the Home Rule Act).⁷⁷ The Constitution gave Congress the power to "exercise exclusive Legislation in all Cases whatsoever" pertaining to the District of Columbia. In 1973, Congress granted the city limited home rule authority and empowered citizens of the District to elect a mayor and city council. However, Congress retained the authority to review and approve all District laws, including the District's annual budget. As required by the Home Rule Act, the city council must approve a budget within 56 days after receiving a budget proposal from the mayor.⁷⁸ The approved budget must then be transmitted to the President, who forwards it to Congress for its review, possible modification, and approval.⁷⁹

District of Columbia appropriations acts typically include the following three components:

1. *Special federal payments* appropriated by Congress to be used to fund particular initiatives or activities of interest to Congress or the Administration.
2. The *District's operating budget*, including funds to cover the day-to-day functions, activities, and responsibilities of the District government; enterprise funds that provide for the operation and maintenance of District government facilities or services that are entirely or primarily supported by user-based fees; and long-term capital outlays such as road improvements. District operating budget expenditures are paid for by revenues generated through local taxes (sales and income), federal funds for which the District qualifies, and fees and other sources of funds.
3. *General provisions* are typically the third component of the District's budget reviewed and approved by Congress. These provisions can be grouped into

⁷⁶ This section authored by Eugene Boyd. For a more complete examination of appropriations for the District of Columbia, see CRS Report R43253, *FY2014 Appropriations: District of Columbia*, by Eugene Boyd.

⁷⁷ See Article I, Section 8, clause 17 of the U.S. Constitution; Section 446 of P.L. 93-198; 87 Stat. 801.

⁷⁸ 120 Stat. 2028.

⁷⁹ 87 Stat. 801.

several distinct but overlapping categories, with the most predominant being provisions relating to fiscal and budgetary directives and controls. Other provisions include administrative directives and controls, limitations on lobbying for statehood or congressional voting representation, congressional oversight, and congressionally imposed restrictions and prohibitions related to social policy.⁸⁰

Both the President and Congress may propose financial assistance to the District in the form of “special federal payments” in support of specific activities or priorities. **Table 6** lists the pre-sequester amounts for FY2013, the President’s FY2014 request, the District of Columbia’s FY2014 request, the amounts recommended by the House and Senate Appropriations Committees for FY2014, and the final FY2014 enacted amounts.

Table 6. District of Columbia Special Federal Payments Appropriations, FY2013-FY2014

(in millions of dollars)

	FY2013 Pre- sequester	FY2014 Request	FY2014 District Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Resident Tuition Support	\$30	\$35	\$35	\$15	\$35	\$30
Emergency Planning and Security	25	15	15	15	15	24
District of Columbia Courts	232	223	223	233	232	233
Defender Services	55	50	50	50	50	50
Court Services and Offender Supervision Agency	213	228	228	225	228	226
Public Defender Service	37	41	41	39	41	41
Criminal Justice Coordinating Council	2	2	2	2	2	2
Judicial Commissions	0.5	0.5	0.5	0.5	0.5	0.5
Water and Sewer Authority	15	15	15	—	15	14
School Improvement	60	52	52	54	42	48
<i>Public Schools</i>	20	30	30	18	20	16
<i>Public Charter Schools</i>	20	20	20	18	20	16

⁸⁰ Congress has, from time to time, included language authorizing new programmatic initiatives or amendments to the District of Columbia home rule charter in the District’s Appropriations bill. For example, in 1995, Congress included language authorizing the creation of public charter schools in the District of Columbia as part of P.L. 104-134, a consolidated appropriation measure. In 2004, Congress included statutory provisions creating a school voucher program as part of the District of Columbia Appropriations, which was a component of a consolidated appropriations act, P.L. 108-199.

	FY2013 Pre- sequester	FY2014 Request	FY2014 District Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
<i>Education Vouchers-linked activities</i>	20	2	2	18	2	16
D.C. National Guard	0.4	0.5	0.5	0.4	0.5	0.4
D.C. Comm. on Arts and Hum.	—	1	1	—	—	—
St. Elizabeth Hospital Campus Redevelopment	—	10	10	—	10	—
HIV/AIDS Prevention	5	5	5	3	5	5
Special Federal Payments (total)	\$675	\$676	\$676	\$637	\$675	673

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; S.Rept. 113-80; and District of Columbia Fiscal Year 2014 Budget Request Act of 2013, A-20-0127.

Note: Figures are rounded and columns may not sum due to rounding. “Pre-sequester FY2013” figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

The President’s Budget Request

On April 10, 2013, the Obama Administration released its detailed budget request for FY2014. The Administration’s proposed budget included \$676.3 million in special federal payments to the District of Columbia. Approximately 80% (\$543.4 million) of the President’s proposed budget request for the District was targeted to the courts and criminal justice system. This included

- \$222.7 million in support of court operations;
- \$49.9 million for Defender Services;⁸¹
- \$227.9 million for the Court Services and Offender Supervision Agency for the District of Columbia, an independent federal agency responsible for the District’s pretrial services, adult probation, and parole supervision functions;
- \$1.8 million for the Criminal Justice Coordinating Council;
- \$40.6 million for the public defender’s office;⁸² and

⁸¹ Funds are administered by the Joint Committee on Judicial Administration in the District of Columbia and may be used to provide court appointed attorneys and other services for (1) indigent persons charged with a criminal offense; (2) family proceedings in which child neglect is alleged, or where the termination of the parent-child relationship is under consideration; and (3) the representation and protection of mentally incapacitated individuals and minors whose parents are deceased. Funds may also be used to provide guardian training and payments for counsel appointed in adoption proceedings, and for services such as transcripts of court proceedings, expert witness testimony, foreign and sign language interpretation, investigations, and genetic testing.

⁸² The Public Defender Service for the District of Columbia is a federally funded, independent organization governed by an eleven-member Board of Trustees. Created by federal statute (P.L. 91-358; D.C. Code Section 2-1601), the Public Defender Service implements the constitutional mandate to provide criminal defense counsel for indigent individuals. The organization also provides legal representation for individuals facing involuntary civil commitment in

- \$500,000 to cover costs associated with investigating judicial misconduct complaints and recommending candidates to the President for vacancies to the District of Columbia Court of Appeals and the District of Columbia Superior Court.⁸³

The President's budget request also included \$87.2 million in support of education initiatives, with \$52.2 million to support elementary and secondary education, \$500,000 to support the D.C. National Guard college access program, and \$35 million for college tuition assistance. These amounts represented 12.9% of the Administration's federal payment budget request for the District of Columbia.

The District's FY2014 Budget

On March 28, 2013, the mayor of the District of Columbia submitted a proposed budget to the District of Columbia Council, the "Fiscal Year 2014 Budget Request Act of 2013." On May 22, 2013, the council approved a FY2014 budget that included \$12.2 billion in proposed operating funds, \$2.2 billion in proposed capital outlays, and \$676 million in proposed special federal payments. The mayor signed the measure (A20-0127) on July 24, 2013. Included in the act were provisions to grant the District greater self-governance, providing some level of budget autonomy in the expenditure of local funds and legislative autonomy. Specifically, the act would have, by reference, enacted the "Local Budget Autonomy Act of 2012."⁸⁴ The budget act, if approved by Congress, would have amended the District's home rule charter by removing language that currently subjects the District's general fund budget to the congressional appropriations process. Specifically, under the Local Budget Autonomy Act, the District's local budget would become effective if Congress failed to enact a joint resolution of disapproval within a 30-day congressional review period. Thus, the District's local budget would no longer require active approval by Congress.⁸⁵

In addition to budget autonomy, the District's Fiscal Year 2014 Budget Request Act of 2013 included several provisions intended to advance legislative autonomy. The act would have

- eliminated the requirement that proposed amendments to the District's home rule charter be transmitted to Congress;
- no longer subject proposed charter amendments to the 35-day congressional review period;

the District's mental health system or parole revocation for D.C. Code offenses.

⁸³ This includes \$295,000 to the Commission on Judicial Disabilities and Tenure and \$205,000 to the Judicial Nomination Commission.

⁸⁴ D.C. Act 19-632, which would have amended the District's Home Rule Act, subject to approval by voter referendum.

⁸⁵ This is an alternative to a provision that was included in the District's FY2013 budget request. That proposal would have granted the District some level of budget autonomy in the expenditure of local funds if Congress failed to pass, and the President failed sign, a District of Columbia appropriations act before the beginning of FY2013. The provision would have allowed the District to obligate and expend local funds at the rate set forth in the act during the period in which there is an absence of a federal appropriations act authorizing the expenditure of local funds. Similar language was included in a Senate bill (S. 3301, 112th Congress) recommending appropriations for FY2013 as reported by the Senate Appropriations Committee. (See S. 3301, Title VIII, §815.) The provision was also supported by the Administration. (See Executive Office of the President, U.S. President (Obama), "Statement of Administration Policy: *H.R. 602—Financial Services and General Government Appropriations Act, 2013*", June 28, 2012), p. 4, at http://www.whitehouse.gov/sites/default/files/omb/legislative/sap/112/saphr6020r_20120628.pdf.)

- no longer subject the District's borrowing authority to the congressional appropriations process; and
- shorten the congressional review period (which currently allows Congress 30 legislative days to review non-criminal-code legislation passed by the District of Columbia Council and 60 days for legislation related to criminal offenses, procedures, and prisoners) by eliminating language that excludes Saturdays, Sundays, holidays, and any day on which neither chamber is in session because of an adjournment sine die, a recess of more than 3 days, or an adjournment of more than 3 days beginning on the day the legislation is transmitted to the House or Senate.

House Measure (H.R. 2786)

H.R. 2786 as reported by the House Committee on Appropriations included \$637 million in special federal payments to the District. This was \$39 million less than requested by the Obama Administration and \$38 million less than recommended by the Senate bill. The House bill did not include funding for the District's Water and Sewer Authority and included a substantial decrease (\$20 million) in the amount that was to be appropriated for the Resident Tuition Support (college access) program. The bill also would have directed \$54 million in funding to support the District of Columbia Public Schools (\$18 million), public charter schools (\$18 million), and private school vouchers (\$18 million).

General Provisions

The House bill included several general provisions governing budgetary and fiscal operations and controls including prohibiting deficit spending within budget accounts, establishing restrictions on the reprogramming of funds, and allowing the transfer of local funds to capital and enterprise fund accounts. In addition, the bill would have required the city's Chief Financial Officer to submit a revised operating budget for all District government agencies and the District public schools within 30 days after enactment.

The House bill also included several general provisions relating to statehood or congressional representation for the District, including provisions that would have continued prohibiting the use of *federal funds* to

- support or defeat any legislation being considered by Congress or a state legislature;
- cover salaries, expenses, and other costs associated with the office of Statehood Representative and Statehood Senator for the District of Columbia; and
- support efforts by the District of Columbia Attorney General or any other officer of the District government to provide assistance for any petition drive or civil action seeking voting representation in Congress for citizens of the District.

H.R. 2786 would have prohibited the use of both District and federal funds for abortion services. In addition, the bill would have continued to prohibit the use of federal funds to administer needle exchange program or to decriminalize or regulate the medical use of marijuana. Despite the

federal prohibition, on June 12, 2012, the city announced the certification of four privately operated medical marijuana dispensaries.⁸⁶ The first dispensary opened on July 29, 2013.⁸⁷

Senate Measure (S. 1371)

S. 1371 as reported by the Senate Committee on Appropriations would have provided for \$675 million in special federal payments to the District. This is approximately \$1 million less than requested by the Administration. The bill included \$9.4 million more in funding for court operations than requested by the Administration. It would have appropriated \$10 million less than the President's FY2014 request for elementary and secondary education initiatives. These funds would have been allocated among three specific initiatives: public school improvements (\$20 million), support for public charter schools (\$20 million), and funding a private school voucher program (\$2.2 million for evaluation and administration activities). The Senate report accompanying the bill noted that there were sufficient unexpended funds available from previous appropriations to meet the needs of the school voucher program.

General Provisions

The Senate bill's general provisions mirrored some of the language included in the House bill. Like the House bill, S. 1371 included provisions governing budgetary and fiscal operations and controls. It also included provisions that would have restricted or prohibited the use of federal funds to support District statehood or congressional voting representation and included provisions that would have continued prohibiting the use of *federal funds* to

- support or defeat any legislation being considered by Congress or a state legislature;
- cover salaries, expenses and other costs associated with the office of Statehood Representative and Statehood Senator for the District of Columbia; and
- support efforts by the District of Columbia Attorney General or any other officer of the District government to provide assistance for any petition drive or civil action seeking voting representation in Congress for citizens of the District.

The bill also included changes in three provisions that city officials have sought to eliminate or modify. The bill would have

- continued the prohibition against the use of federal funds to provide abortion services;
- prohibited the use of federal funds to regulate and decriminalize the medical use of marijuana; and
- maintained the current prohibition on the use of federal funds to support a needle exchange program.

The Senate bill included provisions not included in previous District of Columbia appropriations acts passed by Congress that would have amended the District's home rule charter. The Senate

⁸⁶ District of Columbia Department of Health, "DC Department of Health Notifies Applicants Eligible to Register for Medical Marijuana Dispensaries," press release, June 12, 2012, at <http://newsroom.dc.gov/show.aspx/agency/doh/section/2/release/23453/year/2012>.

⁸⁷ Ryan J. Reilly and Nick Wing, "Washington, D.C.'s First Medical Marijuana Dispensary Opens Blocks From Capitol," *Huffington Post*, July 30, 2013, at http://www.huffingtonpost.com/2013/07/30/washington-dc-medical-marijuana-dispensary_n_3676943.html.

measure would have granted the city fiscal year and budget autonomy over the expenditure of locally raised funds, an action long sought by District officials. Specifically, the Senate measure would have decoupled the District's fiscal year from the federal fiscal year and would have granted the District the authority to spend local funds if Congress had not enacted a federal appropriation authorizing the expenditure of local funds before the start of the District's fiscal year.

FY2014 Funding Lapse

To mitigate the impact of congressional delays in the approval of the District's appropriation before the beginning of a fiscal year, Congress has routinely included language in continuing budget resolutions allowing the District to expend local funds on programs and activities included in its General Fund budget. Before the beginning of FY2014, Congress did not approve the District of Columbia Appropriation for FY2014 or a continuing resolution. In response to the funding lapse, the District used a \$144 million contingency fund to keep the city operating. On October 2, 2013, the House considered and passed H.J.Res. 71, the District of Columbia Continuing Appropriations Resolution, 2014, which would have allowed the District to use locally raised revenues to fund District operations through December 15, 2013. The Senate did not act on this measure. On October 17, 2013, the President signed the Continuing Appropriations Act, 2014 (H.R. 2775, P.L. 113-46), which provided funding until January 15, 2014. The act included provisions releasing the city's General Fund budget for FY2014 from further congressional review, but it did not include funding for special federal payments to the District.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 includes \$673 million in special federal payments to the District of Columbia and approved the District's \$12.2 billion General Fund Budget.

General Provisions

Like its Senate and House committee bills, the Consolidated Appropriations Act, FY2014 includes several general provisions governing budgetary and fiscal operations and controls, including requiring the city's Chief Financial Officer to submit a revised operating budget for all District government agencies and the District public schools within 30 days after the passage of the act.

P.L. 113-76 also includes several general provisions relating to statehood or congressional representation for the District, including provisions prohibiting the use of *federal funds* to

- support or defeat any legislation being considered by Congress or a state legislature;
- cover salaries, expenses, and other costs associated with the office of Statehood Representative and Statehood Senator for the District of Columbia; and
- support efforts by the District of Columbia Attorney General or any other officer of the District government to provide assistance for any petition drive or civil action seeking voting representation in Congress for citizens of the District.

Like the House committee bill, P.L. 113-76, prohibits the use of both District and federal funds for abortion services, except in cases involving rape, incest, or a threat to the life of the pregnant woman if the fetus was carried to term. In addition, like the bills approved by the House and Senate appropriation committees, P.L. 113-76 continues to prohibit the use of federal funds to

administer a needle exchange program or to decriminalize or regulate the medical use of marijuana.

P.L. 113-76 also includes a general provision—Section 816—that allows the District to access local funds as outlined in the Fiscal Year 2015 Budget Request Act of 2014 as submitted to the Congress, during any period of the 2015 fiscal year when Congress

- fails to pass a regular appropriations for the District of Columbia; or
- fails to approve a short-term continuing resolution for the District.

The provision is a step toward budget autonomy. For FY2015, at least, city leaders will not have to concern themselves with the prospect of being unable to access local funds if Congress does not approve an FY2015 appropriations act for the District.

Independent Agencies

The FSGG appropriations bill provides funding for more than two dozen independent agencies performing a wide range of functions. These functions include the management of federal real property (GSA), the regulation of financial institutions and markets (SEC and CFTC), and mail delivery (USPS). **Table 7** lists the pre-sequester amounts for FY2013, the President’s FY2014 request, the amounts recommended by the House and Senate Appropriations Committees for FY2014, and the FY2014 enacted amounts.

Table 7. Independent Agencies Appropriations, FY2013-FY2014
(in millions of dollars)

Agency	FY2013 Pre- sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Administrative Conference of the United States	\$3	\$3	—	\$3	\$3
Christopher Columbus Fellowship Foundation	0.5	—	—	0.2	0.2
Civilian Property Realignment Board	—	17	—	—	—
Commodity Futures Trading Commission ^a	205	315	195	315	215
Consumer Product Safety Commission	114	117	114	117	118
Election Assistance Commission	12	11	—	11	10
Federal Communications Commission ^b	(340)	(359)	(320)	(360)	(340)
Federal Deposit Insurance Corporation: Office of Inspector General (by transfer) ^c	(35)	(35)	(35)	(35)	(35)
Federal Election Commission	66	66	66	66	66
Federal Labor Relations Authority	25	25	24	25	26
Federal Trade Commission	181	183	177	89	180
General Services Administration ^d	-1,434	248	-2,185	248	-340
Harry S Truman Scholarship Foundation	1	—	—	1	1

Agency	FY2013 Pre- sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Merit Systems Protection Board	43	42	42	45	45
Morris K. Udall Foundation	6	6	—	6	6
National Archives and Records Administration	374	368 ^e	366	370	369 ^e
National Credit Union Administration	1	1	1	1	1
Office of Government Ethics	19	15	15	15	15
Office of Personnel Management (total)	20,883	20,875	20,871	20,875	20,875
Office of Special Counsel	19	21	21	21	21
Postal Regulatory Comm.	14	14	14	14	14
Privacy and Civil Liberties Oversight Board ^f	1	3	3	4	3
Recovery Accountability and Transparency Board	28	13	20	20	20
Securities and Exchange Commission ^b	(1,321)	(1,674)	(1,371)	(1,674)	(1,350)
Selective Service System	24	24	24	23	23
Small Business Administration	1,847	969	897	949	929
<i>SBA Sandy Disaster Relief Appropriations</i>	804	—	—	—	—
United States Postal Service	319	312	311	312	312
<i>USPSOIG</i>	241	241	240	241	241
United States Tax Court	51	53	51	53	53
Total: Independent Agencies	\$22,809	\$23,685	\$20,944	\$23,585	\$22,940

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; and S.Rept. 113-80.

Notes: All figures are rounded, and columns also may not equal the total due to rounding. “Pre-sequester FY2013” figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

- The CFTC is funded in the House through the Agriculture appropriations bill and in the Senate through the Financial Services and General Government bill.
- The FCC and the SEC received all of their FY2012 funding through the collection of regulatory fees, resulting in no direct appropriation. Therefore, the amounts shown for the FCC and SEC represent budgetary resources made available by Congress, but those amounts are not included in the table totals.
- Budget authority transferred to FDIC is not included in total FSGG appropriations; it is counted as part of the budget authority in the appropriation account from which it came.
- GSA’s real property activities are funded through the Federal Buildings Fund (FBF), a multi-billion dollar revolving fund into which rental payments from federal agencies that lease GSA space are deposited. Revenue in the FBF is then made available by Congress each year to pay for GSA’s real property activities. A negative total for the FBF occurs when the amount of funds made available for expenditure in a fiscal year is less than the amount of new revenue expected to be deposited.
- Amount as shown in the summary tables in S.Rept. 113-80 and the explanatory statement; figures do not include appropriations for repayments of principal on the construction of the Archives II facility. The amount reported in the President’s budget request, \$385.8 million, includes this principal repayment.
- The House recommended no funding for FY2013 and a \$1 million rescission of prior year unobligated balances.

Bureau of Consumer Financial Protection⁸⁸

The Dodd-Frank Act created a Bureau of Consumer Financial Protection (popularly known as the Consumer Financial Protection Bureau or CFPB) as an independent agency with funding from the Federal Reserve that is, by statute, not subject to review by the House and Senate Appropriations Committees. Neither the President's budget request nor S. 1371 as reported contain changes to the underlying CFPB law and neither would appropriate funds for the bureau. In contrast, H.R. 2786 as reported includes legislative language that would prohibit any transfer of funds from the Federal Reserve to the CFPB as of October 1, 2014, instead authorizing regular appropriations for the CFPB. The bill would also require regular notification and reports by the CFPB to the House and Senate Committees on Appropriations as well as the relevant authorizing committees through FY2014. P.L. 113-76 did not include any of the language relating to the CFPB as was contained in H.R. 2786.

Civilian Property Realignment Board⁸⁹

The President requested \$17.0 million for a new Civilian Property Realignment Board (CPRB), which would develop recommendations as to which civilian federal properties should be consolidated, reconfigured, redeveloped, leased, sold, or conveyed. No funding was provided in FY2012 or FY2013, and neither the House nor the Senate Appropriations Committees recommended funding for FY2014.⁹⁰ P.L. 113-76 does not provide any funding for the CPRB.

Commodity Futures Trading Commission⁹¹

The Commodity Futures Trading Commission (CFTC) is the independent regulatory agency charged with oversight of derivatives markets. The CFTC's functions include oversight of trading on the futures exchanges, oversight of the swaps markets, registration and supervision of futures industry personnel, self-regulatory organizations and major participants in the swaps markets, prevention of fraud and price manipulation, and investor protection. Although most futures trading is now related to financial variables such as interest rates, currency prices, and stock indexes, congressional authorization jurisdiction remains vested in the House and Senate Agriculture Committees because of the market's historical origins as an adjunct to agricultural markets. Appropriations for the CFTC are under the jurisdiction of the Agriculture Appropriations Subcommittee in the House, and the Financial Services and General Government Appropriations Subcommittee in the Senate.

Following the financial crisis of 2008, concerns over the largely unregulated nature of the over-the-counter swaps markets led to various reforms passed in Title VII of the Dodd-Frank Act. This act brought the bulk of the previously-unregulated over-the-counter swaps markets under CFTC

⁸⁸ For more information on the CFPB, see CRS Report R42572, *The Consumer Financial Protection Bureau (CFPB): A Legal Analysis*, by David H. Carpenter.

⁸⁹ This section authored by Garrett Hatch. For more information on federal real property reform legislation, see CRS Report R43247, *Disposal of Unneeded Federal Buildings: Legislative Proposals in the 113th Congress*, by Garrett Hatch.

⁹⁰ One bill, the Civilian Property Realignment Act of 2013 (H.R. 695), has been introduced in the 113th Congress to establish such a board and provide it with funding. H.R. 695 would authorize \$82 million in funding for the CPRB.

⁹¹ This section authored by Rena Miller. For more information on the CFTC, see CRS Report R43117, *The Commodity Futures Trading Commission: Background and Current Issues*, by Rena S. Miller.

jurisdiction as well as the previously-regulated futures and options markets.⁹² Passage of the Dodd-Frank Act resulted in the CFTC's oversight of the economically-significant swaps markets with an estimated notional value of roughly \$240 trillion in the United States.⁹³ This newly regulated market comes on top of the CFTC's prior jurisdiction over the futures and options markets, with an estimated \$34 trillion notional value in the United States.⁹⁴

In FY2013, the CFTC's post-sequestration appropriation was \$194 million.⁹⁵ For FY2014, the President requested, and the Senate Appropriations Committee recommended, \$315.0 million, while the House Appropriations Committee recommended \$194.6 million. P.L. 113-76 provides the CFTC with \$215 million, up 10.8% from FY2013.

Consumer Product Safety Commission⁹⁶

The Consumer Product Safety Commission (CPSC) is an independent federal regulatory agency whose mission is to reduce the risk of harm in the use of consumer products. In carrying out its statutory responsibilities, the commission creates mandatory safety standards for products to lower the risk of injury to consumers; works with industries to develop voluntary safety standards; bans products it deems unsafe when voluntary safety standards are not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research on and develops testing methods for product safety; collects and publishes data on injuries and product hazards; and promotes uniform product regulations among state and local governments.

In FY2013, prior to the sequester, the CPSC was to receive \$114.3 million in appropriated funds, nearly the same as the amount enacted for FY2012. CPSC's funding has increased significantly since FY2007, when it totaled about \$62.0 million. From FY2008 through FY2010, Congress approved significant increases in funding for the agency, largely to support major reforms initiated by the Consumer Product Safety Improvement Act of 2008 (CPSIA).⁹⁷ The 110th Congress passed this act partly in response to a series of highly publicized recalls of imported products, particularly unsafe toys and other items manufactured for children. Among other things, the act enhanced the commission's recall authority, simplified the rulemaking process, established a new searchable database for consumer product complaints, and mandated product certification.

The President's Budget Request

For FY2014, the CPSC requested \$117.0 million in appropriations. Of this amount, \$75.4 million would go to employee compensation (including benefits). Viewed from the perspective of CPSC's strategic goals and programs, the budget request allocated \$30.4 million to hazard identification and reduction; \$24.1 million to compliance and field operations; \$4.6 million to import surveillance; \$2.2 million to education, global outreach, and small business; \$18.4 million to information technology; and \$21.3 million to agency management, rent, and security.

⁹² A subset of the swaps market, called security-based swaps, which are swaps related to securities such as stocks and bonds, are overseen by the Securities and Exchange Commission (SEC).

⁹³ CFTC, in OMB, *Budget for Fiscal Year 2015*, "Appendix—Other Independent Agencies," at p. 1271.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ This section authored by Gary Guenther.

⁹⁷ P.L. 110-314.

The budget request also encompassed several proposed investments.⁹⁸ Specifically, the CPSC proposed spending \$2.0 million to continue its participation in an interagency effort known as the National Nanotechnology Initiative; \$1.1 million to operate the National Product Testing and Evaluation Center, which opened in 2011; \$2.1 million to operate a database on injuries caused by products and treated in hospital emergency rooms known as the National Emergency Injury Surveillance System; \$2.7 million on the operation and maintenance of the Consumer Product Safety Risk Management System; \$0.9 million on its consumer hotline; \$1.9 million on a pilot program to determine the effectiveness of a method for identifying imports of consumer products that may violate U.S. safety laws and regulations; \$16.2 million for field investigators; and \$1.0 million for a pool safety and education program authorized by the Virginia Graeme Baker Pool and Spa Safety Act.⁹⁹

House Measure (H.R. 2786)

H.R. 2786 as reported by the House Committee on Appropriations would have provided for an appropriation of \$114.0 million for the CPSC in FY2014, 2.6% less than the budget request. Of that amount, \$500,000 was designated for the grant program established by the Virginia Graeme Baker Pool and Spa Safety Act; the funds would have been available until they are spent or obligated.

Senate Measure (S. 1371)

S. 1371 as reported by the Senate Committee on Appropriations would have provided that the CPSC receive \$117.0 million in appropriations in FY2014.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 provides \$118 million in appropriated funds for the CPSC in FY2014, or \$1 million more than the budget request. Of this amount \$1 million is to be used for the pool and spa safety grants program established by the Virginia Graeme Baker Pool and Spa Safety Act.

In addition, the act directs the Government Accountability Office to conduct a study within 240 days of the enactment of the act on the ability of the CPSC to respond quickly to emerging consumer product safety hazards using the powers granted under sections 7, 8, and 9 of the Consumer Product Safety Act, section 3 of the Federal Hazardous Substances Act, and section 4 of the Flammable Fabrics Act. GAO is directed to submit a report based on the findings of the study to House and Senate Appropriations Committees. The report is to include an assessment of two issues: 1) whether the Commission needs additional authorities to respond “in a timely manner” to new and emerging consumer product safety dangers, and 2) whether additional resources would be needed to implement any such authorities and “achieve appropriate remedies” for such dangers.

⁹⁸ For more details on the request, see <http://www.cpsc.gov/cpscpub/pubs/reports/2013plan.pdf>.

⁹⁹ P.L. 110-140.

Election Assistance Commission¹⁰⁰

The Election Assistance Commission (EAC) was established under the Help America Vote Act of 2002 (HAVA).¹⁰¹ The commission provides grant funding to the states to meet HAVA requirements and for election reform programs; provides for testing and certification of voting machines; issues studies of election issues; and promulgates voluntary guidelines for voting systems standards and issues voluntary guidance with respect to the act's requirements. Although the commission was not given new rulemaking authority under HAVA, the law transferred responsibilities for the National Voter Registration Act (NVRA),¹⁰² including NVRA rule-making authority, from the Federal Election Commission to the EAC. The Department of Justice is charged with enforcement responsibility under HAVA.

The President's budget request for FY2014 included \$11.0 million for the EAC, of which \$2.75 million was to be transferred to the National Institute of Standards and Technology (NIST) to support work on testing guidelines for voting system hardware and software.

The House Committee on Appropriations recommended eliminating the EAC and transferring its functions to the Federal Election Commission; therefore, the committee provided no funding for the agency for FY2014. The Senate Committee on Appropriations recommended providing \$11.0 million for EAC operations, of which \$2.75 million was to be transferred to NIST. The committee report directed the Director of NIST to provide an expenditure plan to the EAC and the committee within 30 days of the transfer and directed the EAC and NIST to set priorities to meet timelines for the related work. P.L. 113-76 provides \$10.0 million for the EAC, with \$1.9 million of that amount to be transferred to NIST.

Federal Communications Commission¹⁰³

The Federal Communications Commission (FCC) is an independent federal agency with its five members appointed by the President, subject to confirmation by the Senate. It was established by the Communications Act of 1934¹⁰⁴ and is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The statutory purpose of the FCC is to ensure that the American people have available, "without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges."

Most or all of the FCC's budget is derived from regulatory fees collected by the agency rather than through a direct appropriation. The fees, often referred to as "Section (9) fees," are collected from license holders and certain other entities (e.g., cable television systems) and deposited into an FCC account. The law gives the FCC authority to review the regulatory fees and to adjust the fees to reflect changes in its appropriation from year to year. Most years, appropriations language prohibits the use by the commission of any excess collections received in the current fiscal year or any prior years. These funds remain in the FCC account and are not made available to other agencies or agency programs or redirected into the Treasury's general fund.

¹⁰⁰ This section authored by Kevin Coleman.

¹⁰¹ P.L. 107-252; 116 Stat. 1666.

¹⁰² P.L. 103-31.

¹⁰³ This section authored by Patricia Moloney Figliola, Specialist in Internet and Telecommunications Policy, Resources, Science, and Industry Division.

¹⁰⁴ 47 U.S.C. §151 *et seq.*

The FCC Budget Request

For FY2014, the FCC requested a budget of \$359.3 million, with no direct appropriation (i.e., the entire budget will be funded through auction proceeds).¹⁰⁵ It included requests for funding to

- support commission-wide information technology needs through extending the enterprise storage;
- support for reform of the Universal Service Fund Support Program;
- space consolidation and facilities improvement that will reduce lease arrangements that are not cost effective and improve efficiencies;
- create a Do-Not-Call registry for telephone numbers used by Public Safety Answering Points;
- provide resources for mission-critical systems to ensure that they are operational during a Continuity of Operations event; and
- provide contract funding to support mandatory audits for the Office of the Inspector General. The budget submission also included a request to decrease the spending of Auctions funding from \$98.7 million to \$89.4 million to support the timely implementation of the Auctions Incentive program.

House Measure (H.R. 2786)

H.R. 2786 as reported by the House Committee on Appropriations provided for an FCC appropriation of \$320 million for FY 2014, all of which is to be derived from the collection of offsetting collections. This amount is \$39.3 million less than the request.¹⁰⁶

The House committee noted that it believes the current organizational and management structure of the commission does not reflect the technological development that has resulted in the convergence of today's telecommunications market. It stated that the increase in market-based competition should lead to a smaller commission, reorganized to address the current market. The committee directed the commission to submit within 180 days of enactment a review of its organizational structure as well as a proposal for improvement that reflects today's technology landscape and competitive marketplace.

The committee also directed the commission to submit within 30 days of enactment, and thereafter annually in its annual budget submission, a detailed justification to the Committees on Appropriations in the House and Senate as to how the commission intends to spend funds raised in the incentive auctions called for in Title VI of the Middle Class Tax Relief and Job Creation Act of 2012.¹⁰⁷

Senate Measure (S. 1371)

S. 1371 as reported by the Senate Committee on Appropriations provides for a budget of \$359.3 million for FY2014, to be derived from the collection of offsetting fees. This amount was equal to the budget request.

¹⁰⁵ See <http://www.fcc.gov/document/fcc-fy-2014-budget>.

¹⁰⁶ The request also allows, among other items: (1) collection of \$320,000,000 in section 9 fees; (2) a prohibition on amounts collected in excess of \$320,000,000 from being available for obligation; (3) a prohibition on remaining prior year offsetting collections from being available for obligation; and (4) a cap of \$89,400,000 for the administration and implementation of incentive auctions, as required by P.L. 112-96.

¹⁰⁷ P.L. 112-96.

The bill includes language to extend the FCC's exemption from the Anti-deficiency Act until December 31, 2015 (Section 510), and prohibit the FCC from enacting certain recommendations regarding universal service that were made by the Joint Board of FCC members and state utility commissioners (Section 511).

The committee report directed the FCC to develop a plan to fully implement its Statement of Policy on Establishing a Government-to-Government Relationship with Indian tribes that it adopted in June 2000 and to report to the committee if it needs resources to do so.

The committee expressed concern regarding the persistence of calls failing to complete to rural areas because of the potential threat to public safety and local economies and directed the FCC to submit a report to the Committee within 60 days of enactment detailing (1) the process and extent to which it is tracking call completion rates, (2) how the FCC is reviewing anomalies in call completion rates, and (3) what steps the FCC plans to take to resolve call completion problems.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

P.L. 113-76 provides a budget of \$339.8 million for the FCC to be derived from the collection of offsetting fees. It includes the Section 510 exemption from the Anti-deficiency Act and the Section 511 prohibition on changes to rules governing the Universal Service Fund regarding single connection or primary line restrictions.

Federal Deposit Insurance Corporation: Office of the Inspector General¹⁰⁸

The FDIC's Office of the Inspector General is funded from deposit insurance funds; the OIG has no direct support from federal taxpayers. Before FY1998, the amount was approved by the FDIC Board of Directors; the amount is now directly appropriated (through a transfer) to ensure the independence of the OIG.

For FY2014, the President requested, and the House and Senate Appropriations Committees recommended, an appropriation of \$34.6 million. P.L. 113-76 appropriates \$34.6 million.

Federal Election Commission¹⁰⁹

The FEC is an independent agency that administers, and enforces civil compliance with, the Federal Election Campaign Act¹¹⁰ (FECA) and campaign finance regulations. The agency does so through educational outreach, rulemaking, and litigation, and by issuing advisory opinions. The FEC also administers the presidential election public financing system.¹¹¹ In recent years, FEC appropriations have generally been noncontroversial and subject to limited debate in committee or on the House and Senate floors.¹¹²

¹⁰⁸ This section authored by Darryl Getter. For more information on the FDIC, see CRS Report R41718, *Federal Deposit Insurance for Banks and Credit Unions*, by Darryl E. Getter.

¹⁰⁹ This section authored by R. Sam Garrett.

¹¹⁰ 2 U.S.C. §431 *et seq.*

¹¹¹ The Treasury Department and IRS also have administrative responsibilities for presidential public financing. However, Congress does not appropriate funds for the program. For additional discussion, see CRS Report RL34534, *Public Financing of Presidential Campaigns: Overview and Analysis*, by R. Sam Garrett.

¹¹² For additional discussion of current campaign finance issues, see CRS Report R41542, *The State of Campaign*

For FY2014, the President requested \$65.8 million for the FEC. As in previous years, approximately 90% of the FEC budget is expected to be accounted for by three major expense areas: (1) salaries and benefits, (2) rent, and (3) information technology (IT).¹¹³ Although personnel and rent expenditures are relatively fixed, IT expenditures can vary. They have been consistently prominent in recent years and are again expected to be a major part of the agency's budget in 2014. Among other points, this includes adapting the FEC's widely used filing software, FECFILE, to a web-based platform and other technology upgrades to maintain the agency's campaign finance disclosure responsibilities. These efforts, initiated in FY2012 and FY2013, remain ongoing priorities.¹¹⁴ The agency also faces a backlog of enforcement cases requiring processing. Most of these cases originated during the 2012 election cycle.¹¹⁵ The FEC also expects to focus on human resources issues during FY2014, including allocating staff to handle the increased enforcement caseload and implementation of a new performance appraisal system.¹¹⁶

The House Appropriations Committee recommended an FY2014 appropriation of \$65.8 million, the same amount as requested. The House committee report and legislative language contained no additional instructions except a \$5,000 limit on "reception and representation," a prohibition that has long been included in FEC appropriations provisions. Elsewhere, the committee report recommended transferring some Election Assistance Commission (EAC) duties to the FEC.¹¹⁷

The Senate Appropriations Committee recommended an FY2014 appropriation of \$66.4 million, \$600,000 more than the President's request. Accompanying report language noted that Section 621 of the Senate bill would require Senate political committees to file disclosure reports electronically—thus reporting under the same standard as all other federal political committees.¹¹⁸ The Senate report did not otherwise include instructions for the agency.

The Consolidated Appropriations Act, 2014 provides the \$65.8 million the House Appropriations Committee recommended. The legislation contained no additional provisions regarding the agency's funding other than the \$5,000 "reception and representation" provisions noted above. The explanatory statement also contained no additional instructions.¹¹⁹

Other sections of the legislation may also be relevant for campaign finance matters. In particular, Section 735 of P.L. 113-76 contains a prohibition on requiring government contractors to provide information about their or their employees' federal campaign contributions, electioneering communications, or independent expenditures as a condition of receiving the contract. As CRS has noted elsewhere, the Obama Administration has reportedly considered issuing an executive order to require additional disclosure of government contractors' political expenditures. No such order has been issued, but several measures have proposed barring the disclosure reportedly under consideration.¹²⁰ Finally, although other sections of the law contain provisions arguably related to

Finance Policy: Recent Developments and Issues for Congress, by R. Sam Garrett.

¹¹³ Federal Election Commission, *FY2014 Congressional Budget Justification* (Washington: April 2013), p. 6, available at http://www.fec.gov/pages/budget/fy2014/fy_2014_cbj_%204-10-13_final.pdf.

¹¹⁴ Federal Election Commission, *FY2014 Congressional Budget Justification*, pp. 1-2.

¹¹⁵ Federal Election Commission, *FY2014 Congressional Budget Justification*, pp. 2-3.

¹¹⁶ Federal Election Commission, *FY2014 Congressional Budget Justification*, pp. 8-9.

¹¹⁷ H.Rept. 113-172, pp. 46-47.

¹¹⁸ S.Rept. 113-80, p. 82. For additional discussion, see CRS Report R41542, *The State of Campaign Finance Policy: Recent Developments and Issues for Congress*, by R. Sam Garrett.

¹¹⁹ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H906.

¹²⁰ See CRS Report R41542, *The State of Campaign Finance Policy: Recent Developments and Issues for Congress*, by

campaign finance matters, such as some related to the Internal Revenue Service spending, these provisions are not directly relevant for the FEC and are not addressed in this section.

Federal Trade Commission¹²¹

The Federal Trade Commission (FTC) is an independent agency whose mission is to protect consumers and maintain or enhance competition in a broad range of industries. It does so mainly by enforcing laws that bar anticompetitive, deceptive, or unfair business practices, and by educating consumers and business owners to foster informed consumer choices, compliance with the law, and a better understanding of the competitive process.

Operating funds for the agency come from three sources, listed here in descending order of importance: (1) direct appropriations, (2) pre-merger filing fees under the Hart-Scott-Rodino Antitrust Improvements Act of 1976,¹²² and (3) Do-Not-Call Registry fees.

The President's Budget Request

For FY2014, the President requested \$182.7 million in direct appropriations for the FTC. Hart-Scott-Rodino pre-merger filing fees are expected to yield \$103.0 million, and Do-Not-Call fees may add \$15 million, giving the FTC a total appropriation of \$301.0 million in FY2014 under the request.

In keeping with the FTC's mission, its budget is divided between resources for protecting consumers and resources for maintaining competition. Under the FY2014 budget request, 56.5% of available resources would go to the former purpose, while 43.5% would support the latter purpose. Within these broad functional categories, the budget request is intended to enable the agency to undertake a variety of planned activities in FY2014 and beyond, including

- protecting consumers from fraudulent practices in the financial services market;
- protecting consumer privacy in online transactions;
- combating identity theft;
- monitoring the advertising of health-care products for false or deceptive claims;
- protecting children from unfair and deceptive marketing;
- promoting competition in health care services and pharmaceuticals;
- challenging anti-competitive mergers;
- preventing anti-competitive practices in the energy industry;
- increasing its efforts to keep consumers and businesses informed about the benefits of competition; and
- enforcing FTC orders.

Included in the budget request are a decrease of \$26.4 million related to efficiencies in the replacement of office space and increases of \$5.5 million for mandatory expenses such as pay adjustments, \$10.3 million for new IT investments, and \$1.0 million for increased witness costs related to anti-competitive activities and rising consumer demand for the Sentinel Network Services.

R. Sam Garrett.

¹²¹ This section authored by Gary Guenther.

¹²² P.L. 94-435.

House Measure (H.R. 2786)

H.R. 2786, as reported by the House Committee on Appropriations, would have provided for a direct appropriation of \$176.7 million for the FTC in FY2014, 3.2% less than the budget request. This amount would have been supplemented by an estimated \$103.3 million in Hart-Scott-Rodino pre-merger filing fees and \$15 million in Do-Not-Call fees for total funding of \$295.0 million in FY2014.

Senate Measure (S. 1371)

S. 1371, as reported by the Senate Committee on Appropriations, would have provided a direct appropriation of \$89.0 for the FTC in FY2014, 51.4% below the budget request. This amount would have been supplemented by an estimated \$197 million in Hart-Scott-Rodino pre-merger filing fees and \$15 million in Do-Not-Call fees, leaving total funding of \$301.0 million in FY2014.

Consolidated Appropriations Act, 2014 (H.R. 3547, P.L. 113-76)

Under P.L. 113-76, the FTC is receiving \$180 million in direct appropriations for FY2014. This amount is expected to be supplemented by \$103.3 million in pre-merger filing fees and \$15 million in fees to implement the Telemarketing Sales Rule, leaving the agency with an operating budget of \$298 million.

The act encourages the FTC to continue working with other agencies to monitor price manipulation and other forms of anti-competitive behavior in the domestic oil and gas markets.

General Services Administration¹²³

The General Services Administration (GSA) administers federal civilian procurement policies pertaining to the construction and management of federal buildings, disposal of real and personal property, and management of federal property and records. It is also responsible for managing the funding and facilities for former Presidents and presidential transitions.

GSA's real property activities are funded through the Federal Buildings Fund (FBF). The FBF is a revolving fund, into which rental payments from federal agencies that lease GSA space are deposited. Revenue in the fund is then made available by Congress each year to pay for specific activities: construction or purchase of new space, repairs and alterations to existing space, rental payments for space that GSA leases, installment payments, and other building operations expenses. These amounts are referred to as "limitations" because GSA may not obligate more funds from the FBF than permitted by Congress, regardless of how much revenue is available for obligation. Certain debts may also be paid for with FBF funds. A negative total for the FBF occurs when the amount of funds made available for expenditure in a fiscal year is less than the amount of new revenue expected to be deposited. A negative total does not mean that no funds are available from the FBF, only that there is a net gain to the fund under the proposed spending levels.

GSA's operating accounts are funded through direct appropriations, separate from the FBF. The total amount of funding for GSA is calculated by adding the amount of FBF funds made available to the amount of direct appropriations provided. **Table 8** lists the pre-sequester amounts for

¹²³ This section authored by Garrett Hatch.

FY2013, the President's FY2014 request, the amounts recommended by the House and Senate Appropriations Committees for FY2014, and the final amounts enacted in P.L. 113-76.

Table 8. GSA Appropriations, FY2013-FY2014

(in millions of dollars)

Account	FY2013 Pre-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Federal Buildings Fund	-\$1,672	—	-\$2,409	—	-581
Limitations on Availability of Revenue	8,018	9,951	7,541	9,951	9,370
<i>New Construction</i>	50	816	—	816	506
<i>Repairs and Alterations</i>	280	1,302	—	1,261	1,077
<i>Construction and Repair</i>	—	—	—	41	70
<i>Capital Projects</i>	—	—	635	—	—
<i>Installation payments</i>	127	113	106	113	109
<i>Rental of Space</i>	5,210	5,387	4,700	5,387	5,387
<i>Building Operations</i>	2,351	2,331	2,100	2,331	2,221
Repayment of Debt	88	—	—	—	—
Rental Income to Fund	-9,778	-9,951	-9,951	-9,951	-9,951
Operating Accounts	239	248	224	248	241
Government-wide Policy	61	63	53	63	58
Operating Expenses	69	64	63	64	63
Office of Inspector General	58	63	68	63	65
E-Government Fund	12	20	—	20	16
Federal Citizens Services	34	35	—	35	35
Former Presidents	4	4	—	4	4
Citizen Engagement	—	—	40	—	—
Total	-\$1,434	\$248	-\$2,185	\$248	-\$340

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; and S.Rept. 113-80.

Notes: Figures may not sum due to rounding. "Pre-sequester FY2013" figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

As shown in **Table 8**, the President proposed a limit of \$9.951 billion from the FBF's available revenue for GSA's real property activities for FY2014. The President also requested \$248 million for GSA's operating accounts.

The House Appropriations Committee recommended \$7.541 billion from the FBF be made available to GSA for FY2014, \$2.410 billion less than the President requested. The House committee also recommended \$224 million for GSA's operating accounts, \$24 million less than the President requested. The House bill would combine two existing accounts within the FBF, "New Construction" and "Repairs and Alterations" into a single, new account, "Capital Projects."

The House bill also specified that, of the \$2.1 billion it would have provided for building operations, \$1.1 billion was for operating and maintenance expenses and \$1.0 billion was for the salaries and expenses of Public Building Service employees.

The Senate Appropriations Committee recommended the same amounts as the President requested: a limit of \$9.951 billion from the FBF for capital projects and \$248 million for operating accounts. While the Senate bill's totals matched those of the President's request, the Senate bill would have created a new account within the FBF, "Construction and Repair" providing \$41 million for a single project—the John A. Campbell Courthouse, in Mobile, Alabama.

P.L. 113-76 sets a limit of \$9.370 billion from the FBF for capital projects and provides \$241 million for operating accounts. For both the capital and operating accounts, the enacted amounts were greater than the House proposed but less than the President and Senate requested. FBF funding included \$70 million for construction and repair of the John A. Campbell Courthouse, as requested by the Senate. P.L. 113-76 did not include new subaccounts for "Capital Projects" or "Citizen Engagement" as proposed by the House.

Electronic Government Fund¹²⁴

Originally unveiled in advance of the President's proposed budget for FY2002, the Electronic Government Fund (E-Gov Fund) and its appropriation historically have been a somewhat contentious matter between the President and Congress. The E-Gov Fund was created to support interagency e-government initiatives approved by the Director of OMB.¹²⁵ The fund and the projects it sustains have been closely scrutinized by congressional appropriators and the funding requested and appropriated amounts have varied. For example, the President's initial \$20 million request for FY2002 was cut to \$5 million. Funding from FY2003 to FY2008 varied from \$5 million to \$3 million. For FY2009, President George W. Bush requested \$5 million for the fund. Congress, however, provided no appropriations.¹²⁶ In FY2010, Congress appropriated \$34 million, in FY2011, the appropriation dropped to \$8 million, and in FY2012 the fund was appropriated \$12.4 million.

For FY2013, President Obama requested \$16.7 million for the E-Gov Fund, \$17.3 million (50.9%) less than his FY2012 request.¹²⁷ The House and Senate Appropriations Committees recommended the same funding level as the President.¹²⁸

¹²⁴ This section authored by Wendy Ginsberg.

¹²⁵ Pursuant to 44 U.S.C. §3604, the E-Gov Fund projects "may include efforts to make Federal Government information and services more readily available to members of the public (including individuals, businesses, grantees, and State and local governments); make it easier for the public to apply for benefits, receive services, pursue business opportunities, submit information, and otherwise conduct transactions with the Federal Government; and enable Federal agencies to take advantage of information technology in sharing information and conducting transactions with each other and with State and local governments." According to the President's FY2014 budget request, the E-Gov Fund "provides for inter-agency electronic government, or E-Gov, initiatives and projects, which use the Internet or other electronic methods to provide individuals, businesses, and other government agencies with simpler and more timely access to Federal information, benefits, services, and business opportunities." (*The Budget for 2014: Appendix*, p. 1137.)

¹²⁶ The E-Gov Fund, in previous years, was not spending its full appropriation.

¹²⁷ *Appendix, Budget of the United States, FY2014*, p. 1227.

¹²⁸ U.S. Congress, House Committee on Appropriations, *Financial Services and General Government Appropriations Bill, 2013*, report to accompany H.R. 6020, 112th Cong., 2nd sess., June 26, 2012, H.Rept. 112-550 (Washington: GPO, 2013), p. 58; U.S. Congress, Senate Committee on Appropriations, *Financial Services and General Government*

For FY2014, President Obama requested \$20.2 million for the E-Gov Fund, which is 20.1% (\$3.5 million) more than his FY2013 request—and 40.9% (\$13.9 million) less than the \$34 million the President requested in FY2012.

For FY2014, the House committee recommended the E-Gov Fund be combined with the Federal Citizen Services Fund¹²⁹ and renamed the “Information and Engagement for Citizens” account.¹³⁰ The House report indicated: “While these funds were created at different periods of time and developed different programs, they share a common objective—making it easier for citizens to understand and interact with their government.”¹³¹ The House committee recommended \$40 million for the new, combined fund, which was 27.3% (\$15 million) less than the President’s FY2014 total request for both funds.

In contrast to the House committee, the Senate committee recommended the E-Gov Fund be appropriated the \$20.2 million requested by the President.¹³² The Senate report did not address the House’s recommendation to merge the E-Gov Fund with the Federal Citizen Services Fund.

P.L. 113-76 appropriates \$16 million to the E-Gov Fund for FY2014. The law did not mention the House’s recommendation to combine the E-Gov and Federal Citizen Services Funds.

Independent Agencies Related to Personnel Management Appropriations

The FSGG appropriations bill includes funding for four agencies with personnel management functions: the Federal Labor Relations Authority (FLRA), the Merit Systems Protection Board (MSPB), the Office of Personnel Management (OPM), and the Office of Special Counsel (OSC). **Table 9** lists the pre-sequester amounts for FY2013, the President’s FY2014 request, amounts recommended by the House and Senate FSGG appropriations bills for FY2014, and the level of funding provided through P.L. 113-76 for each of these agencies.

Table 9. Independent Agencies Related to Personnel Management Appropriations, FY2013-FY2014

(in millions of dollars)

Agency	FY2013 Pre-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Federal Labor Relations Authority (FLRA)	\$25	\$26	\$24	\$26	\$26
Merit Systems Protection Board (MSPB, total)	43	42	42	45	45

Appropriations Bill, 2013, report to accompany S. 3301, 112th Cong., 2nd sess., June 14, 2012, S.Rept. 112-177 (Washington: GPO, 2010), p. 87.

¹²⁹ The Federal Citizen Services Fund provides salaries and expenses for the Office of Citizen Services, which “provides citizens, businesses, other governments, and the media with access points to easily obtain Government information and services,” U.S. Congress, Senate Committee on Appropriations, *Financial Services and General Government Appropriations Bill, 2011*, report to accompany S. 3677, 111th Cong., 2nd sess., July 29, 2010, S.Rept. 111-238 (Washington: GPO, 2010), p. 98.

¹³⁰ A similar recommendation was made, but not enacted, in FY2012.

¹³¹ H.Rept. 113-172, p. 59.

¹³² S.Rept. 113-80, p. 92.

Agency	FY2013 Pre-sequester	FY2014 Request	FY2014 House Committee	FY2014 Senate Committee	FY2014 Enacted
Salaries and Expenses	40	40	40	43	43
Limitation on Administrative Expenses	2	2	2	2	2
Office of Personnel Management (OPM, total)	20,883	20,875	20,871	20,875	20,875
Salaries and Expenses	98	96	96	96	96
Limitation on Administrative Expenses	112	119	115	119	119
Office of Inspector General (OIG, salaries and expenses)	3	5	5	5	5
Office of Inspector General (limitation on administrative expenses)	21	21	21	21	21
Government Payments for Annuitants, Employee Health Benefits	10,818	11,404	11,404	11,404	11,404
Government Payments for Annuitants, Employee Life Insurance	51	53	53	53	53
Payment to Civil Service Retirement and Disability Fund	9,780	9,178	9,178	9,178	9,178
Office of Special Counsel (OSC)	\$19	\$21	\$21	\$21	\$21

Sources: P.L. 113-76 and Explanatory Statement; H.Rept. 113-172; and S.Rept. 113-80.

Notes: All figures are rounded, and columns may not equal the total due to rounding. "Pre-sequester FY2013" figures are from S.Rept. 113-80 and include across-the-board cuts under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

The payments for health benefits, life insurance, and civil service retirement and disability are mandatory appropriations. Appropriations bills have generally provided "such sums as may be necessary" for these accounts and H.R. 2786 and S. 1371 contained this language. For FY2014 (as in FY2012 and FY2013), the House Appropriations Committee did not include funding for these accounts in Title V of the FSGG bill, as it had in previous years and as it appears in the Senate bill. Instead funding for these accounts appeared in Section 626 of H.R. 2786 (FY2014). P.L. 113-76 included the funding for these accounts in Section 624. In this report, funding for health benefits, life insurance, and retirement is included in Title V to be consistent with prior year calculations.

Federal Labor Relations Authority¹³³

The Federal Labor Relations Authority (FLRA) is an independent federal agency that administers and enforces Title VII of the Civil Service Reform Act of 1978.¹³⁴ Title VII is called the Federal Service Labor-Management Relations Statute (FSLMRS). The FSLMRS gives federal employees

¹³³ This section authored by Gerald Mayer.

¹³⁴ P.L. 95-454.

the right to join or form a union and to bargain collectively over the terms and conditions of employment. Employees also have the right not to join a union that represents employees in their bargaining unit. The statute excludes specific agencies and gives the President the authority to exclude other agencies for reasons of national security.¹³⁵ Agencies that are specifically excluded by law are the Federal Bureau of Investigation (FBI), Central Intelligence Agency (CIA), Government Accountability Office (GAO), National Security Agency (NSA), Tennessee Valley Authority (TVA), FLRA, Federal Service Impasses Panel (FSIP), and the Secret Service.

The FLRA consists of a three-member authority, the Office of General Counsel, and the FSIP. The three members of the authority and the General Counsel are appointed to five-year terms by the President with the advice and consent of the Senate.

The authority resolves disputes over the composition of bargaining units, charges of unfair labor practices, objections to representation elections, and other matters. The General Counsel's office conducts representation elections, investigates charges of unfair labor practices, and manages the FLRA's regional offices. The FSIP resolves labor negotiation impasses between federal agencies and labor organizations.

For FY2014, the President requested an appropriation of \$25.5 million for the FLRA.¹³⁶

The House Committee on Appropriations recommended an appropriation of \$24.0 million for FY2014, which was \$1.5 million (-5.8%) less than the amount requested by the President.¹³⁷

The Senate Committee on Appropriations recommended funding of \$25.5 million, which was the same as the President's request, but \$1.5 million (+6.2%) more than the amount recommended by the House Appropriations Committee.¹³⁸

The Consolidated Appropriations Act, 2014 appropriates \$25.5 million for the FLRA for FY2014. This amount is \$0.8 million (+3.1%) more than the amount provided for FY2013.¹³⁹

Merit Systems Protection Board¹⁴⁰

The Merit Systems Protection Board (MSPB) is an independent, quasi-judicial agency established to protect the civil service merit system. The MSPB adjudicates appeals primarily involving personnel actions, certain federal employee complaints, and retirement benefits issues.

The President's budget requested an FY2014 appropriation of \$42.4 million (including \$40.1 million for salaries and expenses) for the MSPB. The agency's FTE employment level was estimated to be 239 for FY2014. MSPB's authorization expired on September 30, 2007.¹⁴¹

¹³⁵ 5 U.S.C. §7103.

¹³⁶ Federal Labor Relations Authority, *Congressional Budget Justification Fiscal Year 2014*, Washington, DC, 2014, p. 26, https://www.flra.gov/webfm_send/696.

¹³⁷ H.Rept. 113-172, p. 50.

¹³⁸ S.Rept. 113-80, p.82.

¹³⁹ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H906.

¹⁴⁰ This section authored by Barbara L. Schwemle.

¹⁴¹ 5 U.S.C. §5509. Legislation (S. 2057, H.R. 3551) was introduced in the 110th Congress that would have reauthorized the MSPB for three years and enhanced the agency's reporting requirements. Legislation to reauthorize the agency was not introduced in the 111th and 112th Congresses and has not been introduced in the 113th Congress.

H.R. 2786 as reported would have provided an appropriation of \$42.0 million (including \$39.7 million for salaries and expenses) for the MSPB which is \$415,000 (-1.0%) less than the President's request.

S. 1371 as reported and P.L. 113-76 provide an appropriation of \$45.1 million (including \$42.7 million for salaries and expenses) for the MSPB, \$2.7 million (+6.3%) more than the President's request. The law amended Section 1204 of Title 5, United States Code to provide that MSPB may accept and use gifts and donations of property and services to carry out the agency's duties.

Office of Personnel Management¹⁴²

The President's budget requested an FY2014 appropriation of \$95.8 million for OPM salaries and expenses. This amount included funding of \$5.7 million for the Enterprise Human Resources Integration (HRI) project and \$1.3 million for the Human Resources Line of Business (HRLOB) project. The budget also requested appropriations of \$118.6 million for trust fund transfers; \$4.7 million for Office of Inspector General (OIG) salaries and expenses; and \$21.3 million for OIG trust fund transfers for FY2014. The agency's FTE employment level was estimated to be 5,689 for FY2014.

The agency's budget submission stated that the budget "will permit OPM to pursue long-term human resources strategies that deliver results and enhance the values of the civil service," and "permits increased staffing levels ... to maintain timely processing of retirement claims and provide services to annuitants."¹⁴³ In addition, it will allow the Office of Inspector General to "continue to advance its prescription drug audit program, which includes audits of pharmacy benefit managers," and to continue the Federal Employees' Health Benefits Program (FEHBP) "claims data warehouse initiative" that "streamlines and enhances the various administrative and analytical procedures involved in the oversight of the FEHBP."¹⁴⁴

H.R. 2786 as reported would have provided appropriations of \$95.6 million for OPM salaries and expenses, \$114.5 million for trust fund transfers, \$4.7 million for OIG salaries and expenses, and \$21.3 million for OIG trust fund transfers. These amounts were, respectively, \$200,000 (-0.2%) less, \$4 million (-3.4%) less, the same, and the same, as the President's request.

Section 626(a)(3), (4), and (5) of H.R. 2786 would have provided the mandatory appropriations for the health benefits, life insurance, and retirement accounts. According to the House Committee on Appropriations report, "These are accounts where authorizing language requires the payment of funds." The report stated that the budget request assumed the following estimated costs: \$11,404.0 million for the Government Payment for Annuitants, Employee Health Benefits; \$53 million for the Government Payment for Annuitants, Employee Life Insurance; and \$9,178.0 million for Payment to the Civil Service Retirement and Disability Fund.¹⁴⁵

The House committee report "encourage[d] Federal agencies to increase recruitment efforts within the United States territories" and directed OPM to provide "monthly reports on its progress in addressing the backlog in [retirement] claims" to the committee.¹⁴⁶

S. 1371 as reported and P.L. 113-76 provide appropriations of \$95.8 million for OPM salaries and expenses (S&E), \$118.6 million for trust fund transfers, \$4.7 million for OIG salaries and

¹⁴² This section authored by Barbara L. Schwemle.

¹⁴³ *Appendix, Budget of the United States, FY2014*, pp. 1161-1162.

¹⁴⁴ *Appendix, Budget of the United States, FY2014*, p. 1163.

¹⁴⁵ H.Rept. 113-172, p. 121.

¹⁴⁶ H.Rept. 113-172, p. 66.

expenses, and \$21.3 million for OIG trust fund transfers. These amounts were the same as the President's request. Within the OPM S&E account, the law provided that \$5.7 million will remain available until expended for the Enterprise Human Resources Integration project. Of this total, \$642,000 may be for strengthening the capacity and capabilities of the acquisition workforce, including the recruitment, hiring, training, and retention of such workforce and information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management. An appropriation of \$1.3 million is to remain available until expended for the Human Resources Line of Business project. The OPM trust fund transfers included \$2.6 million for a retirement case management system. Within the OIG, up to \$6.6 million is to be transferred from OPM's revolving fund, as determined by the Inspector General, for administrative expenses to audit, investigate, and provide other oversight of the activities of the revolving fund and the programs and activities carried out by the agency in using amounts made available from the revolving fund.

The Senate report directed OPM "to inform the Committee of developments to improve" the rates for processing retirement claims and "to continue providing reports and status update briefings, as developments and milestones occur, and future plans are determined" for modernization of the retirement records system.¹⁴⁷

Office of Special Counsel¹⁴⁸

The President's budget requested an FY2014 appropriation of \$20.6 million for the OSC. The agency's FTE employment level was estimated to be 120 for FY2014. The agency's budget submission projected an increase of 14% in the number of whistleblower disclosure, Hatch Act, and prohibited personnel practice cases received. In addition, the agency expected that its "caseload will continue to increase" as a result of enactment of the Whistleblower Protection Act. According to OSC, the requested funding will enable the agency "to implement new mandates from Congress, including the Whistleblower Protection Enhancement Act, protect the employment rights of returning service members, manage historically high intake levels, and protect the federal merit system from prohibited personnel and political practices."¹⁴⁹

OSC's authorization expired on September 30, 2007.¹⁵⁰

H.R. 2786 as reported, S. 1371 as reported, and P.L. 113-76 provide an appropriation of \$20.6 million for the OSC, the same as the President's request. The Senate report included the committee's acknowledgement that the agency "continues to experience dramatic growth in its caseload and rapid increases in requests for its services."¹⁵¹ The law provided that up to \$125,000 of available balances of expired FY2009 through FY2013 appropriations will be available for any obligation incurred in FY2014.

¹⁴⁷ S.Rept. 113-80, p. 104.

¹⁴⁸ This section authored by Barbara L. Schwemle.

¹⁴⁹ *Appendix, Budget of the United States, FY2014*, p. 1296.

¹⁵⁰ 5 U.S.C. §5509. The 110th Congress considered, but did not act upon, legislation (S. 2057, H.R. 3551) that would have reauthorized the agency for three years and included provisions to enhance OSC's reporting requirements. Legislation to reauthorize the agency was not introduced in the 111th and 112th Congresses and has not been introduced in the 113th Congress.

¹⁵¹ S.Rept. 113-80, p. 108.

National Archives and Records Administration¹⁵²

President Obama requested \$385.8 million in FY2014 appropriations for the National Archives and Records Administration (NARA),¹⁵³ which is \$1 million (less than 1%) less than his FY2013 request (\$386.8 million)¹⁵⁴ and \$17.9 million (4.4%) less than the President's FY2012 request (\$403.7 requested in FY2012).¹⁵⁵ Appropriation levels at NARA follow a similar pattern. In FY2012, NARA was appropriated \$392.0 million (\$11.7 million or 2.9% less than the President's FY2012 budget request). In FY2013, NARA was appropriated \$375.0 million (\$11.8 million or 3.1% less than the President's FY2013 request), which was reduced to \$371 million because of sequester cuts (\$15 million or 3.9% less than the FY2013 request).¹⁵⁶

Operating expenses account for the largest portion of NARA's appropriation request, 96.1% or \$370.7 million. As noted, the FY2014 NARA budget request is \$1 million less than the FY2013 request. That \$1 million was taken from the operating expenses account in FY2014. Some of the reduction in the budget request came from savings related to the operations and maintenance of NARA facilities.¹⁵⁷ Similar to the FY2012 and FY2013 requests, President Obama combined his requests for operating expenses with that for the Electronic Records Archive (ERA) because development of ERA has been largely completed.¹⁵⁸ The President maintained a separate \$4.1 million request for the Office of Inspector General (appropriated \$4 million in both FY2012 and FY2013), a separate \$8.0 million request for repairs and restorations (a 12.1% decrease from the \$9.1 million appropriated in both FY2012 and FY2013), and a separate \$3.0 million request for the National Historic Publications and Records Commission (NHPRC), which is \$2 million (40.0%) less than the \$5 million appropriated in both FY2012 and FY2013.¹⁵⁹

The House committee recommended NARA receive \$384.1 million in total appropriations,¹⁶⁰ while the Senate committee recommended \$387.8 million.¹⁶¹ Specifically, the House committee recommended \$369.0 million for operating expenses, \$1.7 million (less than 1%) less than the President's request of \$370.7 million. The Senate committee, however, recommended that NARA receive the President's requested appropriation for operating expenses. The Senate recommended

¹⁵² This section authored by Wendy Ginsberg.

¹⁵³ *Appendix, Budget of the United States, FY2014*, p. 1272.

¹⁵⁴ *Appendix, Budget of the United States, FY2014*, p. 1359.

¹⁵⁵ *Appendix, Budget of the United States, FY2014*, p. 1255.

¹⁵⁶ U.S. National Archives and Records Administration, "President Requests \$385.8M for National Archives FY2014 Budget," at <http://www.archives.gov/press/press-releases/2013/nr13-86.html>.

¹⁵⁷ *Appendix, Budget of the United States, FY2014*, p. 1272.

¹⁵⁸ *Appendix, Budget of the United States, FY2014*, p. 1273. Appropriation levels for the Electronic Records Archive (ERA) were reduced in FY2011. In FY2010, the ERA was appropriated \$85.5 million. In FY2011, the appropriation was reduced to \$71.9. The reduction in ERA appropriation levels for FY2011 followed the release of two Government Accountability Office (GAO) reports that raised serious concerns about the implementation of the ERA. One report said that NARA's oversight of the acquisition processes related to creating the Electronic Record Archive had "weaknesses ... in most areas." See U.S. Government Accountability Office, *Electronic Records Archive: National Archives Needs to Strengthen Its Capacity to Use Earned Value Techniques to Manage and Oversee Development*, GAO 11-86, January 2011, Highlights, at <http://www.gao.gov/new.items/d1186.pdf>; and U.S. Government Accountability Office, *Electronic Government: National Archives and Records Administration's Fiscal Year 2011 Expenditure Plan*, GAO 11-299, March 4, 2011, Highlights, at <http://www.gao.gov/new.items/d11299.pdf>.

¹⁵⁹ *Appendix, Budget of the United States, FY2014*, pp. 1272-1274.

¹⁶⁰ H.Rept. 113-172, p. 63-64; this amount differs from the total in the report summary table as it does not include the appropriations for repayments of principal on the construction of the Archives II facility.

¹⁶¹ S.Rept. 113-80, p. 97; this amount differs from the total in the report summary table as it does not include the appropriations for repayments of principal on the construction of the Archives II facility.

\$2 million more for the NHPRC (\$5 million) than the House recommended and the President requested (\$3 million). In the Senate report to accompany the appropriations bill, the Senate committee referenced a NARA inspector general report that found material weaknesses with NARA's ability to ensure the security of its holdings.¹⁶² Similar to FY2013, the committee included the following language in its report to address concerns related to these weaknesses:

As the steward of an astronomical volume of temporary and permanent agency records, the Committee strongly urges the Archivist to continue to explore bar-coding and other innovative alternatives for cataloging boxed materials entrusted to NARA's care, institute enhanced quality controls, regain accountability for the security of classified records in its custody, and institute more stringent management controls at the Washington National Records Center and any other facilities in which NARA is the custodian of Federal records.¹⁶³

The Senate committee also commended NARA for its issuance of the Managing Government Records Directive in August 2012. The directive, among other instructions, requires agencies to appoint a senior agency official to oversee records collection and maintenance, and requires agencies to draft a plan that ensures proper retention of electronic records. The committee wrote:

The Committee urges NARA to continue to explore ways to decrease the risks to Federal records and improve agency records management practices, through inspections, mandatory agency self-assessments, training curricula including on-line courses to reach a broader audience across the Federal Government, and other compliance tools.¹⁶⁴

The House and Senate Appropriations Committees both recommended that NARA's OIG receive \$4.1 million in appropriations, matching the President's budget request.¹⁶⁵ Both committees also recommended that NARA receive \$8 million for repairs and restorations, also matching the budget request. The House committee recommended the NHPRC receive \$3 million, matching the President's budget request. In contrast, the Senate committee recommended the NHPRC receive \$5 million, \$2 million (66.7%) more than the budget request. In its report to accompany the appropriations bill, Senate appropriators wrote the following:

The Committee notes that the funding provided will enable NARA, through the NHPRC, to undertake a variety of initiatives, including advancing archives preservation, access, and digitization projects within the interlocking repositories of historic records and hidden collections; ensuring public access to some of the most important historical resources that are maintained outside of Federal repositories; and digitizing nationally significant historic records collections to facilitate round-the-clock Internet availability.¹⁶⁶

P.L. 113-76 appropriates a total of \$386.6 million to NARA.¹⁶⁷ The total includes \$370 million for operating funds, \$700,000 less than the President requested and the Senate appropriators recommended—but \$1 million more than House appropriators recommended. P.L. 113-76

¹⁶² See, for example, U.S. National Archives and Records Administration Office of Inspector General, "Follow-up Review of OIG Audit Report No. 08-01: Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts," OIG Audit Report No. 12-10, September 13, 2012, at <http://www.archives.gov/oig/pdf/2012/audit-report-12-10.pdf>.

¹⁶³ S.Rept. 113-80, p. 98.

¹⁶⁴ S.Rept. 113-80, p. 98.

¹⁶⁵ The House committee recommended NARA's OIG receive \$4.1 million, while the Senate committee recommended \$4.13 million.

¹⁶⁶ S.Rept. 113-80, p. 100.

¹⁶⁷ This amount differs from the total in the summary table of the explanatory statement as the table does not include the appropriations for repayments of principal on the construction of the Archives II facility

appropriated \$4.1 million to NARA's OIG and \$8 million for repairs and restorations. In contrast to the President's \$3 million request for NHPRC, P.L. 113-76 appropriates \$4.5 million to the commission. As noted above, Senate appropriators recommended \$5 million for the commission.

National Credit Union Administration¹⁶⁸

The NCUA is an independent federal agency funded largely by the credit unions that the agency charters, insures, and regulates. The NCUA manages the Community Development Revolving Loan Fund Program (CDRLF). Established in 1979, the CDRLF assists officially designated "low-income" credit unions in providing basic financial services to low-income communities. Low-interest loans and deposits are made available to assist these credit unions. Loans or deposits are normally repaid in five years, although shorter repayment periods may be considered. Technical assistance grants are also available to low-income credit unions. Earnings generated from the CDRLF are available to fund technical assistance grants in addition to funds provided for specifically in appropriations acts. Grants are available for improving operations as well as addressing safety and soundness issues.

The President requested, and the Senate Committee on Appropriations recommended, \$1.13 million for FY2014, while the House Committee on Appropriations recommended \$1.20 million. P.L. 113-76 appropriates \$1.20 million for FY2014.

Privacy and Civil Liberties Oversight Board¹⁶⁹

Originally established in 2004 by the Intelligence Reform and Terrorism Prevention Act¹⁷⁰ as an agency within the Executive Office of the President, the Privacy and Civil Liberties Oversight Board (PCLOB) was reconstituted as an independent agency within the executive branch by the Implementing Recommendations of the 9/11 Commission Act of 2007.¹⁷¹ The board assumed its new status on January 30, 2008; its FY2009 appropriation was its first funding as an independent agency. Among its responsibilities, the five-member board is to (1) ensure that concerns with respect to privacy and civil liberties are appropriately considered in the implementation of laws, regulations, and executive branch policies related to efforts to protect the nation against terrorism; (2) review the implementation of laws, regulations, and executive branch policies related to efforts to protect the nation from terrorism, including the implementation of information sharing guidelines; and (3) analyze and review actions the executive branch takes to protect the nation from terrorism, ensuring that the need for such actions is balanced with the need to protect privacy and civil liberties. The board is to advise the President and the heads of executive branch departments and agencies on issues concerning, and findings pertaining to, privacy and civil liberties. The board is to provide annual reports to Congress detailing its activities during the year, and board members appear and testify before congressional committees upon request.

The President requested, and the House Appropriations Committee recommended, \$3 million for the PCLOB for FY2014.¹⁷² The Senate Appropriations Committee recommended \$4 million for

¹⁶⁸ This section authored by Darryl Getter.

¹⁶⁹ This section authored by Garrett Hatch.

¹⁷⁰ P.L. 108-458; 118 Stat. 3638.

¹⁷¹ P.L. 110-53; 121 Stat. 266.

¹⁷² H.Rept. 113-72, p. 142.

the PCLOB for FY2014, \$1 million more than the President's FY2014 request.¹⁷³ P.L. 113-76 provides \$3 million to the PCLOB for FY2014.

Recovery Accountability and Transparency Board¹⁷⁴

The Recovery Accountability and Transparency Board (Recovery Board) was established by the American Recovery and Accountability Act of 2009¹⁷⁵ to provide oversight and transparency in the expenditure of Recovery Act funds. The Recovery Board was funded through the FSGG appropriations bill for the first time in FY2012. In previous fiscal years, the board was funded by a now exhausted Recovery Act appropriation. The President requested \$13 million for FY2014. The House and Senate Appropriations Committees both recommended \$20 million for the Recovery Board for FY2014, \$7 million more than the President's request.¹⁷⁶ P.L. 113-76 provides \$20 million for FY2014.

Securities and Exchange Commission¹⁷⁷

The Securities and Exchange Commission (SEC) administers and enforces federal securities laws to protect investors from fraud, to ensure that sellers of corporate securities disclose accurate financial information, and to maintain fair and orderly trading markets. The SEC's budget is set through the normal appropriations process, but, under the Dodd-Frank Act, the agency's appropriations are offset by fees it collects from securities exchanges on the sales of stock and certain other securities transactions on those exchanges. The collections go directly to the Treasury Department. To achieve the offset, the act requires the agency to adjust the rates of its fees, making the agency's budget deficit-neutral.

P.L. 113-76 provides the SEC with \$1.35 billion, "an amount appropriated ... from the general fund for fiscal year 2014 [that] shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2014 appropriation from the general fund estimated at not more than \$0."¹⁷⁸ Of that total, \$44.4 million is to go to the Division of Economic and Risk Analysis. The division was established in 2009 "to integrate financial economics and rigorous data analytics into the core mission of the SEC [and] ... is involved across the entire range of SEC activities, including policy-making, rule-making, enforcement, and examination."¹⁷⁹ P.L. 113-76 also provides that the SEC's Office of Inspector General shall receive "no less than" \$7.092 million.¹⁸⁰

The Dodd-Frank Act also established an SEC Reserve Fund to enable the agency to plan for certain long-term expenses, potentially freeing up other funds for agency use in areas such as enforcement and regulation. The reserve fund is funded by the agency's traditional collections on registration fees. In any single fiscal year, the SEC may not collect more than \$50 million in fees for the reserve fund, and the total size of the fund may not exceed more than \$100 million.

¹⁷³ S.Rept. 113-80, p. 168.

¹⁷⁴ This section authored by Garrett Hatch.

¹⁷⁵ P.L. 111-5; 123 Stat. 115.

¹⁷⁶ H.Rept. 113-72, p. 142; S.Rept. 113-80, p. 168.

¹⁷⁷ This section authored by Gary Shorter.

¹⁷⁸ P.L. 113-76; 28 Stat. 222.

¹⁷⁹ "About the Division of Economic and Risk Analysis," *SEC*, available at <http://www.sec.gov/dera/Article/about.html#.U5IuNChCw4.0>.

¹⁸⁰ P.L. 113-76; 128 Stat. 222.

Collections in excess of these amounts are remitted to the Treasury General Fund. P.L. 113-76 rescinds \$25 million from the SEC's Reserve Fund.¹⁸¹

Selective Service System¹⁸²

The Selective Service System (SSS) is an independent federal agency operating with permanent authorization under the Military Selective Service Act.¹⁸³ It is not part of the Department of Defense, but its mission is to serve the emergency manpower needs of the military by conscripting personnel when directed by Congress and the President.¹⁸⁴ All males ages 18 through 25 and living in the United States are required to register with the SSS. The induction of men into the military via Selective Service (i.e., the draft) terminated in 1972. In January 1980, President Carter asked Congress to authorize standby draft registration of both men and women. Congress approved funds for male-only registration in June 1980. Efforts are underway to allow women to serve in combat units, which may lead to the modification of registration to include women.¹⁸⁵

Since 1972, Congress has not renewed any President's authority to begin inducting (i.e., drafting) anyone into the armed services. In 2004, an effort to provide the President with induction authority was rejected.¹⁸⁶

Funding of the Selective Service System has remained relatively stable over the years in terms of absolute dollars, but has decreased in terms of inflation adjusted funding. For FY2014, the President's request was \$24.1 million. The House Appropriations Committee recommended \$23.5 million, while the Senate Appropriations Committee recommended \$22.9 million. As enacted, P.L. 113-76 provides \$22.9 million.

Small Business Administration¹⁸⁷

The Small Business Administration (SBA) administers a number of programs intended to assist small firms. Arguably, the SBA's four most important functions are to (1) guarantee loans made by banks and other financial institutions to small businesses—principally through the agency's Section 7(a) and 504/Certified Development Company business loan guaranty programs; (2) make low-interest loans to small businesses, nonprofit organizations, and households that are victims of hurricanes, earthquakes, floods, other physical disasters, and acts of terrorism; (3) finance training and technical assistance programs for small business owners and prospective owners; and (4) serve as an advocate for small business within the federal government.

The SBA's FY2013 Appropriation

Prior to sequestration, the SBA was provided an appropriation of \$1,847 million in FY2013, a substantial increase over its appropriation of \$918.8 million in FY2012.¹⁸⁸ Most of the increased

¹⁸¹ P.L. 113-76; 128 Stat. 230.

¹⁸² This section authored by David Burrelli.

¹⁸³ 50 U.S.C. §451 *et seq.*

¹⁸⁴ See <http://www.sss.gov/>.

¹⁸⁵ On February 15, 2013, H.R. 748 was introduced. A section of this bill would require the registration of women for the Selective Service.

¹⁸⁶ H.R. 163 in the 108th Congress, October 5, 2004, failed on a vote of 2 Yeas to 402 Nays (Roll Call No. 494).

¹⁸⁷ This section authored by Robert Dilger and Sean Lowry. For more information see CRS Report RL33243, *Small Business Administration: A Primer on Programs and Funding*, by Robert Jay Dilger and Sean Lowry

¹⁸⁸ Funds appropriated in P.L. 112-74, the Consolidated Appropriations Act, 2012; P.L. 112-175, the Continuing

funding in FY2013 was provided for disaster assistance related to Hurricane Sandy (\$804.0 million) and business loan subsidy costs (an additional \$126.5 million). According to the SBA, after sequestration and a required across-the-board rescission, the agency received an appropriation of \$1,754.5 million in FY2013.

The SBA's FY2014 Appropriation and Recommendations

P.L. 113-76 appropriates \$929 million to the SBA for FY2014: \$250.0 million for salaries and expenses, \$196.2 million for entrepreneurial development/non-credit programs, \$151.6 million for administrative expenses related to the SBA's business loan programs, \$111.6 million for business loan credit subsidies, \$19.0 million for the Office of Inspector General, \$8.8 million for the Office of Advocacy, and \$192 million for disaster assistance.¹⁸⁹

The Obama Administration had requested an appropriation of \$968.8 million for the SBA for FY2014.¹⁹⁰ The Administration requested \$485.9 million for salaries and expenses (including \$210.3 million for entrepreneurial development/non-credit programs), \$151.6 million for business loan administration, \$111.6 million for business loan subsidy costs, \$191.9 million for disaster loans, \$19.4 million for the Office of the Inspector General, and \$8.5 million for the Office of Advocacy.¹⁹¹

The House Committee on Appropriations approved an appropriation of \$896.9 million for the SBA for FY2014, \$71.9 million less than the Administration's request of \$968.8 million. The House Committee on Appropriations approved an appropriation of \$415.9 million for salaries and expenses (including \$183.9 million for entrepreneurial development/non-credit programs), \$151.6 million for business loan administration, \$111.6 million for business loan subsidy costs, \$191.9 million for disaster loans, \$17.0 million for the Office of the Inspector General, and \$9.0 million for the Office of Advocacy.¹⁹²

Appropriations Resolution, 2013; and P.L. 113-2, the Disaster Relief Appropriations Act, 2013.

¹⁸⁹ Language in the explanatory statement accompanying P.L. 113-76 directs the SBA to provide \$113.625 million for Small Business Development Centers, \$7.0 million for Service Corps of Retired Executives (SCORE), \$14.0 million for Women's Business Centers, \$1.0 million for the National Women's Business Council, \$20.0 million for Microloan Technical Assistance, \$2.5 million for Veterans Business Outreach Centers, \$2.0 million for Native American Outreach, \$2.79 million for 7(j) Technical Assistance Program, \$2.25 million for Historically Underutilized Business Zones (HUBZones), \$5.0 million for Regional Innovation Clusters, \$5.0 million for Entrepreneurship Education, \$2.5 million for Growth Accelerators, \$7.0 million for Boots to Business, \$3.5 million for PRIME, and \$8.0 million for State Trade and Export Promotion for FY2014. See Explanatory Statement, Consolidated Appropriations Act, 2014, p. H908.

¹⁹⁰ *Appendix, Budget of the United States, FY2014*, pp. 1175-1186.

¹⁹¹ The Administration recommended \$104.68 million for Small Business Development Centers, \$6.52 million for Service Corps of Retired Executives (SCORE), \$13.05 million for Women's Business Centers, \$0.9 million for the National Women's Business Council, \$19.85 million for Microloan Technical Assistance, \$2.5 million for Veterans Business Outreach Centers, \$1.05 million for Native American Outreach, \$2.79 million for 7(j) Technical Assistance Program, \$2.0 million for Historically Underutilized Business Zones (HUBZones), \$5.0 million for Regional Innovation Clusters, \$40.0 million for Entrepreneurship Education, \$5.0 million for Growth Accelerators, and \$7.0 million for Boots to Business for FY2014. No funding was recommended for the PRIME Technical Assistance Program.

¹⁹² See H.Rept. 113-172. The House Committee on Appropriations recommended an appropriation of \$112.5 million for Small Business Development Centers, \$7.0 million for Service Corps of Retired Executives (SCORE), \$14.0 million for Women's Business Centers, \$0.9 million for the National Women's Business Council, \$20.0 million for Microloan Technical Assistance, \$2.5 million for Veterans Business Development, \$1.25 million for Native American Outreach, \$2.79 million for 7(j) Technical Assistance Programs, \$2.5 million for Historically Underutilized Business Zones (HUBZones), \$5.0 million for Entrepreneurial Development Initiative (Clusters), \$5.0 million for Entrepreneurship Education, \$7.0 million for Boots to Business, and \$3.5 million for PRIME Technical Assistance for

The Senate Committee on Appropriations approved an appropriation of \$949.2 million for the SBA for FY2014, \$19.6 million less than the Administration's recommendation of \$968.8 million and \$52.3 million more than the House committee's recommendation of \$896.9 million. The Senate Committee on Appropriations approved an appropriation of \$254.8 million for salaries and expenses and, separately, \$211.5 million for entrepreneurial development (non-credit) programs (for a combined total of \$466.3 million), \$151.6 million for business loan administration, \$111.6 million for business loan subsidy costs, \$191.9 million for disaster loans, \$19.4 million for the Office of the Inspector General, and \$8.5 million for the Office of Advocacy.¹⁹³

United States Postal Service¹⁹⁴

The U.S. Postal Service (USPS) generates nearly all of its funding—about \$65 billion annually—by charging users of the mail for the costs of the services it provides.¹⁹⁵ Congress, however, does provide an annual appropriation to compensate the USPS for revenue it forgoes in providing free mailing privileges to the blind¹⁹⁶ and overseas voters.¹⁹⁷ Congress authorized appropriations for these purposes in the Revenue Forgone Reform Act of 1993 (RFRA).¹⁹⁸ This act also permitted Congress to provide the USPS with a \$29 million annual reimbursement until 2035 to pay for the costs of postal services provided at below-cost rates to not-for-profit organizations in the early 1990s.¹⁹⁹ Funds appropriated to the USPS are deposited in the Postal Service Fund, a revolving fund at the U.S. Department of the Treasury.

The Postal Accountability and Enhancement Act²⁰⁰ (PAEA), which was enacted on December 20, 2006, first affected the postal appropriations process in FY2009. Under the PAEA, both the U.S. Postal Service Office of Inspector General (USPSOIG) and the Postal Regulatory Commission (PRC) must submit their budget requests directly to Congress and to the Office of Management

FY2014. The House committee did not recommend funding for the Administration's Growth Accelerators Initiative.

¹⁹³ See S.Rept. 113-80. The Senate Committee on Appropriations recommended \$114.75 million for Small Business Development Centers, \$7.14 million for Service Corps of Retired Executives (SCORE), \$14.0 million for Women's Business Centers, \$1.0 million for the National Women's Business Council, \$20.0 million for Microloan Technical Assistance, \$2.5 million for Veterans Business Outreach Centers, \$2.0 million for Native American Outreach, \$3.1 million for 7(j) Technical Assistance Programs, \$2.0 million for Historically Underutilized Business Zones (HUBZones), \$5.0 million for Regional Innovation Clusters, \$15.0 million for Entrepreneurial Education and Growth Accelerators, \$5.0 million for Boots to Business, and \$20.0 million for State Trade and Export Promotion (STEP) for FY2014. The Senate committee did not recommend funding for PRIME Technical Assistance.

¹⁹⁴ This section authored by Kevin Kosar. Also see CRS Report RS21025, *The Postal Revenue Forgone Appropriation: Overview and Current Issues*, by Kevin R. Kosar.

¹⁹⁵ U.S. Postal Service, *Annual Report, SEC Form 10-K*, November 15, 2012, p. 33. Available at <http://about.usps.com/who-we-are/financials/10k-reports/fy2012.pdf>.

¹⁹⁶ 84 Stat. 757; 39 U.S.C. §3403. See also USPS, *Mailing Free Matter for Blind and Visually Handicapped Persons: Questions and Answers*, Publication 347 (Washington: USPS, May 2005), available at <http://www.usps.com/cpim/ftp/pubs/pub347.pdf>.

¹⁹⁷ Members of the Armed Forces and U.S. citizens who live abroad are eligible to register and vote absentee in federal elections under the provisions of the Uniformed and Overseas Citizens Absentee Voting Act of 1986 (42 U.S.C. §1973ff-ff-6). See CRS Report RS20764, *The Uniformed and Overseas Citizens Absentee Voting Act: Overview and Issues*, by Kevin J. Coleman.

¹⁹⁸ P.L. 103-123, Title VII; 107 Stat. 1267; 39 U.S.C. §2401(c)-(d).

¹⁹⁹ See CRS Report RS21025, *The Postal Revenue Forgone Appropriation: Overview and Current Issues*, by Kevin R. Kosar.

²⁰⁰ P.L. 109-435; 120 Stat. 3198. On PAEA's major provisions, see CRS Report R40983, *The Postal Accountability and Enhancement Act of 2006*, by Kevin R. Kosar.

and Budget.²⁰¹ These two agencies must be funded through the Postal Service Fund. The law further requires USPSOIG's budget submission to be treated as part of USPS's total budget, while the PRC's budget, like the budgets of other independent regulators, is treated separately.²⁰²

For FY2014, the

- USPS and the President requested \$70.8 million.²⁰³ The House Appropriations Committee and the Senate Appropriations Committee both recommended this same amount;²⁰⁴
- PRC and President requested \$14.3 million.²⁰⁵ The House Appropriations Committee recommended a \$14.0 million appropriation, and the Senate Appropriations Committee recommended a \$14.3 million appropriation;²⁰⁶ and
- USPSOIG and the President requested \$241.5 million.²⁰⁷ The House Appropriations Committee recommended \$240.0 million, and the Senate Appropriations Committee recommended a \$241.5 million appropriation.²⁰⁸

Both of the House and Senate FY2014 FSGG measures also contained postal policy provisions.

The House FSGG measure renewed four long-standing appropriations policies:

- (1) requiring USPS to continue six-day mail delivery;
- (2) stipulating that mail for overseas voting and mail for the blind shall continue to be free;
- (3) prohibiting appropriated funds from being used to charge a fee to a child support enforcement agency seeking the address of a postal customer; and
- (4) prohibiting funds from being used to consolidate or close small rural and other small post offices.²⁰⁹

In addition, the House bill directed USPS to refrain from selling post offices located in historic properties until the completion of a study by the USPS Office of Inspector General.²¹⁰

The Senate FSGG measure also proposed renewing the same, aforementioned long-standing appropriations policies, such as requiring six-day mail delivery.²¹¹ The Senate bill also

- (1) directed USPS to modify its post office operational hour reduction initiative to reflect the recommendations of the Postal Regulatory Commission;²¹²

²⁰¹ 120 Stat. 3240-3241.

²⁰² While the PAEA did not authorize any additional appropriations to the Postal Service Fund, it did alter the budget submission process for the USPS's Office of Inspector General (USPSOIG) and the Postal Rate Commission (PRC). In the past, the USPSOIG and the PRC submitted their budget requests to the USPS's Board of Governors. Accordingly, past presidential budgets did not include the USPSOIG's or PRC's funding requests or appropriations.

²⁰³ *Appendix, Budget of the United States, FY2014*, p. 1298.

²⁰⁴ H.Rept. 113-72, p. 77; and S.Rept. 113-80, p. 125.

²⁰⁵ *Appendix, Budget of the United States, FY2014*, p. 1304.

²⁰⁶ H.Rept. 113-72, p. 68; and S.Rept. 113-80, p. 108.

²⁰⁷ *Appendix, Budget of the United States, FY2014*, p. 1303.

²⁰⁸ H.Rept. 113-72, p. 78; and S.Rept. 113-80, p. 128.

²⁰⁹ H.Rept. 113-72, p. 118.

²¹⁰ H.Rept. 113-72, p. 77.

²¹¹ S.Rept. 113-80, pp. 126-128.

²¹² Postal Regulatory Commission, "Advisory Opinion On Post Office Structure Plan," Docket No. 2012-2, August 23,

- (2) directed USPS to expand its retail access in private retail facilities and via self-service kiosks;
- (3) directed USPS to submit a report to the Senate Appropriations Committee on its efforts to comply with a PRC advisory opinion on mail processing facility closures;²¹³
- (4) directed USPS to take additional steps before closing any processing facility that has previously been considered for closure; and
- (5) directed GAO to study whether the USPS's "relaxed standards" for delivery have disproportionately affected areas served by alternate means of transportation (AMOT) contracts.²¹⁴

President Obama's FY2014 budget request, like the House and Senate measures, proposed extending the aforementioned long-standing appropriations policies—except for six-day mail delivery.²¹⁵ The Administration also favored

- requiring the Office of Personnel Management to recalculate USPS's Federal Employee Retirement System balance using USPS's specific demographics, and to return any overpayment to the USPS between FY2014 and FY2015;²¹⁶
- restructuring USPS's Retiree Health Benefits Fund (RHBF) payments schedule as a 40-year amortization beginning in FY2017; and allowing the USPS to draw upon the RHBF to pay the healthcare insurance premiums for current USPS retirees;²¹⁷
- allowing USPS to increase collaboration with state and local governments; and
- permitting USPS to enact a one-time postage increase beyond the current postage rate cap.²¹⁸

"All together," the *Budget* stated, these reforms provide "USPS with over \$30 billion in cash relief, operational revenue, and produce PAYGO savings of over \$23 billion over the next over 11 years."²¹⁹

2012, at http://www.prc.gov/Docs/85/85013/N2012-2_Adv_Op_082312.pdf.

²¹³ Postal Regulatory Commission, "Advisory Opinion On Mail Processing Network Rationalization Service Changes," Docket No. 2012-2, September 28, 2012, at http://www.prc.gov/Docs/85/85269/Advisory_Opinion_%20PDF%20_09282012.pdf.

²¹⁴ U.S. Postal Service, "Revised Service Standards for Market-Dominant Mail Products," 77 *Federal Register* 31190, May 25, 2012, at <https://www.federalregister.gov/articles/2012/05/25/2012-12564/revised-service-standards-for-market-dominant-mail-products>.

²¹⁵ *Appendix, Budget of the United States, FY2014*, pp. 1298-1299.

²¹⁶ *Appendix, Budget of the United States, FY2014*, p. 1302.

²¹⁷ Current law provides for 10 years of fixed payments followed by a 40-year amortization of any remaining unfunded obligation. Current law also forbids drawing funds from the RHBF until FY2017. *Appendix, Budget of the United States, FY2014*, pp. 1166-1167.

²¹⁸ By law (39 U.S.C. §3622(d)(1)(A)), the USPS may raise rates on most of its products and services no higher than the rate of inflation.

²¹⁹ *Appendix, Budget of the United States, FY2014*, pp. 1302.

Ultimately, P.L. 113-76 appropriates \$70.8 million to USPS, \$14.2 million to PRC, and \$241.5 million to USPSOIG.²²⁰ The statute also approved the various postal policy provisions included in both the House and Senate reports.²²¹

United States Tax Court²²²

A court of record under Article I of the Constitution, the United States Tax Court (USTC) is an independent judicial body that has jurisdiction over various tax matters as set forth in Title 26 of the United States Code. The court is headquartered in Washington, DC, but its judges conduct trials in many cities across the country.

The USTC received \$51 million in FY2013. The President requested \$53 million for FY2014. The House Appropriations Committee recommended \$51 million for FY2014, \$2 million less than the President's request.²²³ The Senate Appropriations Committee recommended \$53 million for FY2014, the same as the President requested and \$2 million above the FY2013 enacted amount.²²⁴ P.L. 113-76 provides \$53 million for FY2014.

General Provisions Government-Wide²²⁵

The Financial Services and General Government Appropriations Act includes general provisions applying government-wide. Most of the provisions continue language that has appeared under the General Provisions title for several years because Congress has decided to reiterate the language rather than making the provisions permanent. An administration's proposed government-wide general provisions for a fiscal year are generally included in the Budget Appendix.²²⁶ New provisions proposed in the FY2014 budget, and whether they were included in H.R. 2786 as reported, S. 1371 as reported, or P.L. 113-76, follow.

New Government-wide General Provisions Proposed for FY2014

- Section 732 of the President's proposed budget, Section 742 of S. 1371 as reported, and Section 741 of P.L. 113-76 prohibit a pay raise in calendar year 2014, for the Vice President; a political appointee serving in an Executive Schedule position, or in a position for which the rate of pay is fixed by statute at an Executive Schedule rate; a chief of mission or ambassador at large; a noncareer appointee in the Senior Executive Service; and a political appointee paid a rate of basic pay (including locality-based payments) at or above level IV of the Executive Schedule.
- Section 733 of the President's proposed budget, Section 741 of S. 1371 as reported, and Section 740 of P.L. 113-76 prohibit the use of funds appropriated, in this or any other act, for FY2014, to provide a pay adjustment to federal blue-collar employees that exceeds: (1) the rate payable for the applicable grade and step of the applicable wage schedule during the period from the date of

²²⁰ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H908.

²²¹ Explanatory Statement, Consolidated Appropriations Act, 2014, p. H507.

²²² This section authored by Garrett Hatch.

²²³ H.Rept. 113-72, p. 143.

²²⁴ S.Rept. 113-80, p. 169.

²²⁵ This section authored by Barbara L. Schwemle.

²²⁶ For FY2014, the provisions are listed in the *Appendix, Budget of the United States, FY2014*, pp. 9-12.

expiration of the limitation imposed by the comparable section for previous fiscal years until the normal effective date of the applicable wage survey adjustment that is to take effect in FY2014; and (2) as a result of a wage survey adjustment, the rate payable under paragraph (1) by more than the sum of (A) the General Schedule pay adjustment for FY2014 and (B) the difference between the overall average percentage of the locality-based comparability payments taking effect in FY2014, and the overall average percentage of such payments which was effective in the previous fiscal year under such section, during the remainder of FY2014.

- Section 734 of the President's proposed budget would have provided that funds made available and used for Pay for Success projects in this or any other act would have supported performance-based awards that are designed to promote innovative strategies to reduce the aggregate level of government investment needed to achieve successful outcomes. The awards would have imposed minimal administrative requirements on service providers to allow for maximum flexibility to improve efficiency and effectiveness. The OMB Director would have issued guidance to federal agencies on carrying out such projects. (This provision was also proposed by the Administration in the FY2012 and FY2013 budget requests, but was not enacted.)
- Section 735 of the President's proposed budget would have required the OMB Director to report to the House and Senate Committees on Appropriations on at least a quarterly basis on the status of unexpired, unobligated balances of budget authority in executive branch agencies. The reports would have, to the extent practicable, separately identified such budget authority for discretionary appropriations and direct spending. With regard to such budget authority for discretionary appropriations, the reports would have, to the extent practicable, separately identified those balances that were available to fund reimbursable obligations and all other balances of discretionary budget authority. The reports would have been submitted not later than 30 days after the end of a fiscal quarter.
- Section 736 of H.R. 2786 as reported and Section 736 of P.L. 113-76 prohibit the use of appropriated funds for the painting of a portrait of an employee of the federal government including the President, the Vice President, a Member of Congress, the head of an executive branch agency, or the head of an office of the legislative branch.
- Section 738 of H.R. 2786 as reported would have prohibited the use of appropriated funds to pay more than 75% of the salary of the Commissioner and any Deputy Commissioner of Internal Revenue if the Internal Revenue Service agency does not comply with certain Inspector General recommendations by July 1, 2014.

Cuba Sanctions²²⁷

As reported by the committees, H.R. 2786 and S. 1371 contained different provisions regarding restrictions governing U.S. travel to Cuba. The House version would have tightened restrictions on travel by prohibiting funding for any additional authorization of people-to-people exchanges

²²⁷ This section authored by Mark P. Sullivan. For additional information, see CRS Report R43024, *Cuba: U.S. Policy and Issues for the 113th Congress*, by Mark P. Sullivan, and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan.

during the fiscal year, while the Senate version would have eased restrictions on travel by authorizing a new general license for professional travel related to disaster prevention, emergency preparedness, and natural resource protection. Ultimately, however, P.L. 113-76 did not include any of the Cuba provisions from the House or Senate versions of the bill.

Restrictions on travel to Cuba have been a key and often contentious component of U.S. efforts to isolate Cuba's communist government for much of the past 50 years. Over time there have been numerous changes to the restrictions and for five years, from 1977 until 1982, there were no restrictions on travel. Restrictions on travel to Cuba are part of the Cuban Assets Control Regulations (CACR), the overall embargo regulations administered by the Treasury Department's Office of Foreign Assets Control (OFAC). First issued in 1963, the CACR have been amended many times over the years to reflect changes in policy, and remain in force today. In 2009, the Obama Administration eased restrictions for family travel, and in 2011 the Administration further eased travel restrictions for religious and educational activities, including people-to-people travel.

At present, eight categories of travelers may travel to Cuba under a *general* license, which means that there is no need to obtain special permission from OFAC. This includes those visiting close relatives in Cuba; full-time journalists; full-time professionals conducting professional research (of a noncommercial, academic nature) or attending conferences sponsored by international professional organizations or associations; faculty, staff, and students of accredited U.S. graduate and undergraduate degree-making institutions engaged in educational activities; members and staff of religious organizations engaged in a full-time program of religious activities; and travel related to licensed sales of agricultural, medical, and telecommunications products. In addition, 15 categories of travelers engaging in a variety of activities, including educational, religious, and humanitarian activities and people-to-people exchanges may be eligible for *specific* licenses. Applications for *specific* licenses are reviewed and granted by OFAC on a case-by-case basis. The specific licenses for people-to-people travel are generally issued for one year to organizations that sponsor and organize such trips.

As reported by the House committee, H.R. 2786 included a provision in Section 124 that would have prohibited FY2014 funding used “to approve, license, facilitate, authorize, or otherwise allow” travel-related or other transactions related to nonacademic educational exchanges (i.e., people-to-people travel) to Cuba set forth in 31 CFR 515.565(b)(2) of the CACR. The committee report to the House bill contended that this category of travel violates the prohibition on travel related to tourist activities set forth in the Trade Sanctions Reform and Export Enhancement Act of 2000.²²⁸ The report also maintained that the stated purpose of people-to-people travel—to promote the Cuban people's independence from Cuban authorities—“cannot be accomplished through itineraries that mainly feature interactions with representatives of a dictatorship that actively oppresses the Cuban people, nor can it be accomplished through itineraries that do not require meetings with pro-democracy activists or independent members of Cuban civil society.” In contrast, the Obama Administration has defended such travel, maintaining that it helps build connections between the Cuban and American people in order to give Cubans the support and tools they need to move forward independent of the government. According to Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, “the Administration's travel, remittance and people-to-people policies are helping Cubans by providing alternative sources of information, taking advantage of emerging opportunities for self-employment and private property, and strengthening civil society.”²²⁹

²²⁸ P.L. 106-387, Title IX.

²²⁹ Testimony of Roberta S. Jacobson, Assistant Secretary of State for Western Hemisphere Affairs, in U.S. Congress,

The House bill had a second Cuba provision in Section 125 that would have required a Treasury Department report within 90 days of the bill's enactment with information for each fiscal year since FY2007 on the number of travelers visiting close relatives in Cuba; the average duration of these trips; the average amount of U.S. dollars spent per family traveler (including amount of remittances carried to Cuba); the number of return trips per year; and the total sum of U.S. dollars spent collectively by family travelers for each fiscal year.

As reported by the Senate committee, S. 1371 included a provision in Section 628 that would have provided for a new general license for travel-related transactions for full-time professional research; for attendance at professional meetings if the sponsoring organization was a U.S. organization; and for the organization and management of professional meetings and conferences in Cuba if the sponsoring organization was a U.S. professional organization and if the travel was related to disaster prevention, emergency preparedness, and natural resource protection, including for fisheries, coral reefs, and migratory species. This provision would have expanded the current general licenses available for professional research and meetings in Cuba that allow full-time professionals to conduct professional research in their areas (with certain conditions), attend professional meetings or conferences in Cuba organized by an international professional organization, and attend professional meetings for commercial telecommunications transactions (31 CFR 515.564).

Senate Committee on Foreign Relations, Subcommittee on Western Hemisphere, Peace Corps and Global Narcotics Affairs, *The Path to Freedom: Countering Repression and Strengthening Civil Society*, 112th Cong., 2nd sess., June 7, 2012; available at <http://www.state.gov/p/wha/rls/rm/2012/191935.htm>.

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